

# *The* NATIONAL UNDERWRITER

*for a big*



**1956**

you need more prospects, more customers, more premiums—more of everything.

Yet competition for the consumer dollar has more than doubled. It is estimated there's an average of seven competitors now to three before...retailers, merchants and national advertisers, as well as direct writers and other industry competitors who have been making inroads on local agency business.

A whispered sales approach is ineffective in the marketplace today. You've got to YELL to be heard above the roar of the crowd!

One of the best ways to make yourself heard is through a well-planned advertising and production program. Hit-or-miss sales tactics seldom result in desired volume and profit at year-end. For a Big '56 you must start planning NOW.

Surveys can help you decide what type of advertising and production program you need to build up your volume and profit. Have you ever surveyed your community to see what residential and mercantile business is available and how much of each classification your agency is writing? How many car registrations there are and what percentage of worthwhile risks you are writing? Are you aware of the "discount house" trend toward savings countrywide and are you using the savings approach to advantage in selling Homeowners Policies, the Comprehensive Dwelling Policy, and similar new forms?

When you have decided on the lines you want to promote, you can multiply your personal sales efforts many times over by using direct-mail, newspapers and other media to reach more prospects and clients. Consult our Advertising Department now for help towards a Big '56.

**NORTH BRITISH and MERCANTILE Insurance Company Limited**

**The PENNSYLVANIA FIRE Insurance Company**

**The COMMONWEALTH Insurance Company of New York**

**The MERCANTILE Insurance Company of America**

**The HOMELAND Insurance Company of America**

Administrative Office: 150 William Street, New York 38, N. Y.

**The OCEAN MARINE Insurance Company Limited** Administrative Office: 55 John Street, New York 38, N. Y.

**CENTRAL SURETY and INSURANCE CORPORATION** Home Office: 1737 McGee St., Kansas City 41, Mo.

PACIFIC DEPARTMENT—SAN FRANCISCO 4, CALIF. • SOUTHERN DEPARTMENT—ATLANTA 8, GA.  
MIDWESTERN DEPARTMENT—CHICAGO 6, ILL. • WESTERN DEPARTMENT—KANSAS CITY 41, MO.  
PHILADELPHIA DEPT.—PHILADELPHIA 5, PA. • MICHIGAN-OHIO DEPT.—DETROIT 26, MICH.

**THURSDAY, JANUARY 12, 1956**



## OUR INSURED KEEP US HOPPING ALL OVER THE WORLD

... because the Royal has the greatest world representation of any company IN THE FOREIGN FIELD!

Royal's foreign representation is so extensive that it includes both big and little insureds, in commonly visited and in remote places, in practically every country of the free world.

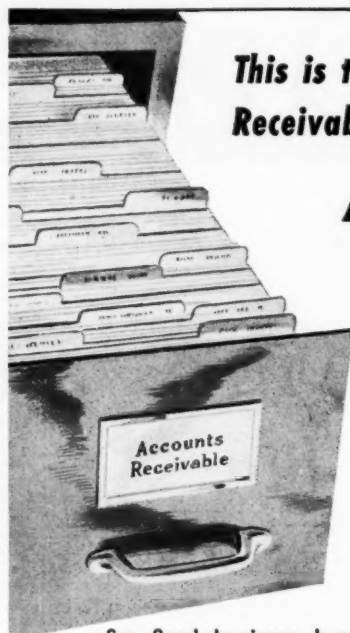
For further information write to our Foreign Department.

*Remember, too, these far-flung facilities provide yet another sound reason for placing your Dwelling Package policies with a company of the*

## ROYAL • LIVERPOOL *Insurance Group*

CASUALTY • FIRE • MARINE • SURETY  
150 WILLIAM ST., NEW YORK 38, N. Y.

ROYAL INSURANCE COMPANY, LTD. • THE LIVERPOOL & LONDON & GLOBE INSURANCE COMPANY LTD. • ROYAL INDEMNITY COMPANY  
GLOBE INDEMNITY COMPANY • QUEEN INSURANCE COMPANY OF AMERICA • NEWARK INSURANCE COMPANY • STAR INSURANCE  
COMPANY OF AMERICA • AMERICAN AND FOREIGN INSURANCE COMPANY • THE BRITISH & FOREIGN MARINE INSURANCE  
COMPANY LTD. • THAMES & MERSEY MARINE INSURANCE COMPANY, LTD. • VIRGINIA FIRE & MARINE INSURANCE COMPANY



**This is the season when Accounts  
Receivable files are bulging with**

## "I.O.U.s"

Holiday buying in 1955 reached an all-time peak. Now, in retail establishments—in factories—in wholesale establishments—the files are bulging with "I.O.U.s"—better known as "accounts receivable".

Damage to or destruction of those accounting records by fire, flood, hurricane, burglary, explosion or certain other hazards, may actually cause bankruptcy—or at the very least, seriously impair the firm's credit position.

That's why ACCOUNTS RECEIVABLE INSURANCE is particularly timely right now—one of the most important coverages you can provide for your business clients. An "all risk" type coverage, it pays the money they can't collect because records are destroyed.\*

ACCOUNTS RECEIVABLE INSURANCE is only one of the many modern coverages offered to American Casualty agents. If you'd like full details about the extensive facilities which are available to professional agents, write:

## American Casualty COMPANY

READING, PENNSYLVANIA

\*Ask for leaflet FC-140 which explains briefly just what ACCOUNTS RECEIVABLE INSURANCE covers and how loss settlements are made.

*Pioneers in  
multiple-line  
underwriting*

**TRINITY UNIVERSAL  
INSURANCE COMPANY**

**SECURITY NATIONAL  
INSURANCE COMPANY**

EDWARD T. HARRISON, Chairman; GORDON S. YEARGAN, President  
DALLAS, TEXAS



## Inter-Regional Issues Mercantile Block Rules, Rates

Cover Based on Fire Policy,  
EC and All Risk at  
Individual Premium

NEW YORK—Basic rules and rating plan for mercantile block coverage have been recommended nationwide by Inter-Regional Insurance Conference. The coverage, rates and rules would be filed by fire rating organizations and concurrently, by National Bureau of Casualty Underwriters and Inland Marine Insurance Bureau.

Inter-Regional and the two national rating organizations have been working for months to evolve a coverage and handling that would establish a standard in a new field where individual variations have become numerous. Insurance departments and many insurers have been puzzled by the lack of pattern, and many of both have held up action because of that.

The Inter-Regional recommendation is an all risk direct physical damage coverage at an indivisible premium for stocks, wares and merchandise along with furniture, fixtures and equipment, and improvements and betterments when insured in the same policy. In general the coverage is for non-manufacturing risks with several exceptions. While a plan for account rating such risks have been developed, the rate for a risk will be promulgated by the fire rating bureau.

There is a reporting and non-reporting procedure, and both are subject to the term discount for two and three years—but not more than three. However, the discount for the non-reporting form is 1.75 of the annual account rate for two years and 2.5 times the annual for three; and for the reporting form is 1.85 times the annual for two and 2.7 times for three years.

Rates for burglary and theft are set out in full for 14 territories and eight trade groups.

There is a minimum premium of \$100 for the non-reporting endorsement (\$300 for three years); of \$250 (and \$750) under the monthly reporting form A as to fire and extended coverage; and of \$750 (and \$2,250) for reporting form under the multiple location rating plan as to fire and EC. The non-reporting endorsement provides for a stated amount of insurance at each declared location subject to not less than 80% coinsurance. There must be at least \$10,000 in values at any one location.

For the non-reporting endorsement the rate is computed on the annual fire and EC premiums at each location and for the reporting form according to form A and multiple location procedure for fire and EC. Then the burglary and theft rates are added, and the charge is made for all other perils. The rates for this all risk feature are 20

(CONTINUED ON PAGE 28)

## West Coast Storm, Flood Losses to Reach \$12 Million

Total insurance losses in the wind-storm which swept California, Oregon, Washington, Idaho and Nevada and the heavy rains and resultant floods in northern California, southern Oregon and Reno, Nev., will approximate \$10 to \$12 million, according to the latest estimates by adjusters in the area.

Since the decline of the heaviest storms in some sections, flood waters have added further damage in the San Joaquin, Eel, Russian and Feather river areas as well as in Reno.

The estimate of windstorm losses in California alone—covered by catastrophe 68—has been revised to \$2,725,000, averaging \$100. The greatest property loss, however, was not caused by windstorm but by flood resulting from rains and melting snow.

The insurance loss as a result of flood will be extensive, involving personal property floaters, installment and equipment floaters and block coverage in flooded areas.

Filing and settlement of claims however, is being expedited by the prompt application of the catastrophe loss machinery by General Adjustment Bureau. The entire area has experienced some additional heavy rains since the first of the year but little additional damage is expected.

Automobile losses are expected to provide the heaviest aggregate loss—and a large part of this will be borne by direct-writing and independent companies. Such companies as State Farm, Farmers group and Allstate had the bulk of their business throughout the rural areas such as Yuba City, Marysville, Eureka and all through the Sacramento valley territory.

So heavy were the claims reported in San Francisco and Oakland within the first few days of the storms, that local independent adjusters hastily enlarged their office staffs, some calling back retired personnel where available. GAB, which is handling the bulk of the claims, added 81 to its staff, bringing adjusters from all parts of the country—even one from Maine. Emergency offices were set up quickly.

As the claims came pouring in, Harry J. Boyle, general manager of GAB in San Francisco, called in the Pacific Loss Assn. and at a meeting

(CONTINUED ON PAGE 17)

## COMPANY VIEW GIVEN

### Ind. Agents Charge Farmers Mutual, Wis., Wrests Expirations

Several former Indiana agents of Farmers Mutual of Madison, Wis., have filed suits against the company, charging that their contracts were cancelled after they had built up a profitable business.

Bernard C. Christie of Fort Wayne, in a \$45,000 damage suit, contends that he was led to believe his relationship with Farmers Mutual would be operated on the American agency system. However, he contends that following termination of his agency contract the company used his customer and expiration lists, contacts and good will. Suits also have been filed by Elco Eichhorn at Bluffton, Melvin Tinkham at Decatur, Myril Burns at Cromwell and Dennis McClure at Vincennes.

Asked to comment on the issues raised by the Indiana agents, Irving J. Maurer, treasurer, furnished the following quote from a brochure that is used in conducting the company agents' sales and service training course.

"...in 1932, for the first time, it became necessary to face these facts squarely, and to determine a course of action. We decided that we had failed to make the proper changes in keeping with the times, and set about to correct the situation.

"Renewal premiums became our target. Through changes in our renewal procedure, we relieved these rates of all unnecessary burdens. Considerable help was obtained through studying similar accomplishments of others, particularly from examining the renewal methods and procedures of life insurance companies.

The principle (sic) change proposed was to mail renewal certificates direct to the insured and to collect renewal premiums directly from the insured, instead of channelling the delivery of certificates and collection of premiums through the agents.

"However, relieving the agent of his 'renewal policy delivery' and 'renewal premium collection' functions violated a cardinal principle of the American agency system. As our proposed renewal system deviated from the dogma of the American agency system, we felt obliged to put the question to vote with our agency force. As a result, we held a dozen meetings to accommodate 800 agents and district agents (now called

(CONTINUED ON PAGE 25)

## Insurance Events Remain Page One News in Texas

All Companies to Be  
Audited; Air Is Full  
of Allegations

The incredible Texas insurance situation has kept its place in the newspaper headlines all week in a series of events and allegations which have been fast moving and sensational.

—A. B. Shoemaker, head of the defunct U. S. Trust & Guaranty of Waco and affiliated companies, shot himself in an attempt to commit suicide. It was the collapse of U. S. Trust, now reportedly \$7 million in the hole, that touched off the latest Texas insurance melodrama.

—Texas board of commissioners, at a hearing last week in Austin, put Southern Medical & Hospital Service, one of the Shoemaker companies, under conservatorship; suspended the license of U. S. Life of Waco, another Shoemaker company, and suspended the licenses of American Atlas Life and Dallas Fire & Casualty, two companies associated with American Atlas Corp. of Dallas, a holding company of which the president is Joe A. Irwin.

—Garland A. Smith, life insurance commissioner and chairman of the board of commissioners, resigned his post as chairman and was succeeded by Byron Saunders, casualty commissioner. Mr. Smith remains on the board. The other member is Mark Wentz, fire commissioner.

—Texas Society of Certified Public Accountants has begun preparatory arrangements to have its members make an audit of the books of the more than 1,400 domestic Texas companies, a job it is estimated will take from 12 to 18 months to complete.

—Several Texas legislators have demanded impeachment proceedings be started against members of the board of commissioners. One senator, who represented Southern Medical & Hospital (a Shoemaker affiliate) before the board, claimed the commission is "guilty of utter incompetency, if not official corruption."

—At least one county grand jury, and two, if not three, federal agencies are investigating the operations of U. S. Trust, looking for facts on alleged corruption.

—Five Texas senators now have admitted receiving money from Shoemaker companies within the last two years for legal services. Commissioner Combs of Arkansas has agreed not to take action against Arkansas F. & M., which got its start on a loan of \$500,000 from U. S. Trust, after Arkansas F. & M. had agreed not to dispose of any of its assets pending further conferences.

Mr. Shoemaker, whose insurance career was reviewed in last week's issue, shot himself through the head and turned on the gas in two stoves in

(CONTINUED ON PAGE 29)

## Late News Bulletins . . .

### Royal Exchange Enlarges Facilities

Royal Exchange has assigned Charles M. Smith, assistant manager, to direct the general administrative supervisory work of the northern and eastern production departments, while also retaining supervision of the southern and western production departments as heretofore. Frank J. Swallow, assistant branch secretary, formerly in charge of multiple perils coverages, assumes wider responsibilities as principal assistant to Michael Bonner, branch secretary in charge of general fire underwriting activities.

(CONTINUED ON PAGE 32)

## H&A Conference to Participate in FTC Trade Conference

"The executive committee of Health & Accident Underwriters Conference has approved the advertising rules adopted by National Assn. of Insurance Commissioners at its recent meeting in New York. The vote, conducted by special ballot, was unanimous.

The executive committee also approved by unanimous vote official participation by the conference in the forthcoming trade practices conference called for Feb. 8 in Washington by the federal trade commission. Conference company representatives and staff members will participate in the trade practices meeting.

The business practices committee of the conference had previously approved the NAIC rules. It was the committee's opinion that the rules are substantially the same as the ethical standards for advertising individually underwritten A&S insurance approved by the conference at its annual meeting in May, 1954.

## Twelve Companies Get Management Awards

Twelve insurance companies have been certified as excellently managed by American Institute of Management. They are U.S.F.&G., St. Paul F&M., North America, Louisville Title Mortgage Co., Merchants Fire, Federal, Fidelity-Phenix, Fireman's Fund, Hartford Fire, Continental, Allstate, and Continental Casualty.

St. Paul F&M. and Merchants Fire have received the award for six con-

secutive years while U.S.F.&G., North America, Federal, Fidelity-Phenix, Fireman's Fund, Hartford Fire, and Continental have received it for five years.

## American Auto Opens Office at Richmond

American Auto has opened a new service office at Richmond, Va., to provide underwriting, production, policywriting and claims facilities for the state.

John T. Cover will be manager and John W. Fuller will supervise claims operations. Both men have had extensive experience in the Virginia field. Mr. Cover has specialized in underwriting and production work for the past 20 years. Mr. Fuller, who is being transferred from the companies' Washington office, was previously Virginia claims manager for a large company and at one time operated his own adjusting agency.

## '56 Insurance Who's Who Ready for Distribution

The 1956 edition of *Who's Who In Insurance* will be ready for distribution early this month. It has been thoroughly revised, new names have been added, new data incorporated and is the only complete biographical compendium in insurance. Copies may be obtained from The Weekly Underwriter, 116 John Street, New York City. The price is \$5 per copy.

## Wayne County Agents Name Cales President

Wayne County (Mich.) Assn. of Insurance Agents has elected Anest Cales, Dearborn, president; Louis I. Goniea, River Rouge, vice-president and Sherman Bunnell, Wayne, treasurer.

## Says Hospitality Rooms Will Remain at Mich. Conventions

W. O. Hildebrand, secretary-manager of Michigan Assn. of Insurance Agents, has taken a vigorous stand in opposition to the Western Underwriters Assn. ban on company hospitality rooms at state conventions. He points out that the hospitality rooms serve a useful purpose and will continue to be a part of future Michigan association conventions. Mr. Hildebrand's letter is in reply to a query by Carl O. Pearson, editor of *Rough Notes*.

"Several of our members have expressed views concerning the so-called hospitality rooms at our conventions, and I have indeed made some statements from our convention platform myself.

"One significant view points up an interesting observation. One of our good past-presidents, age 72, financially able to provide "hospitality" to the entire convention, at every convention if he wished, a personal long-time friend of several top officials of the oldest capital stock companies, looks forward to a personal and good business visit with these friends at our conventions. At our annual last September he came to me for assistance in locating one of them. We failed to find him, although he was registered at the convention and in the hotel, but did not have the usual company headquarters listed on our directory or in the hotel. Many thousands of dollars of annual premiums are represented in this man's agency with that company and have been for several decades. This man was not looking for a drink. He was looking for his friend, one of his principals in his office.

"Seldom have we ever heard any criticism of too much distraction from business meetings. On the contrary, much of our association work is with our company representatives here in Michigan. We consider our good company people an important part of our association. We provide them with our bulletin service and, incidentally, do not sell or use advertising space in same, (one of our latest bulletins was so well accepted that we were required to reprint 2,000 copies, due largely to the field man requests for additional copies). We do enjoy the very best of relationships and a valuable spirit of cooperation of which we are not only proud but which has elevated the standards of ethics and of general public opinion throughout the entire state. We use field men at our conventions and we want them to use our facilities and we want them at our conventions. Abuses of a varying nature do occur, but from our many years of experience in attending conventions all over the country and in conducting two a year here, we cannot agree that the pendulum had swung so far in one direction in Michigan that it was necessary to push it all of the way in the other direction.

"Under these circumstances an arbitrary resolution (or 18th amendment) by the WUA completely deciding what must be done by companies doing business in Michigan relative to "company headquarters," "get-together," "get acquainted," "meeting rooms," in Michigan, seems unwarranted here. Measures to correct any abuses can well be drawn. Company

headquarters do serve our agents usefully.

"Our conventions continue to be replete with company headquarters and our mid-year in Detroit in February will be no exception, although new faces are appearing—another significant point."

## Siede Tells Students Cargo Thefts Increase

The threat of truck cargo thefts is increasing, particularly in the cases of local pickup and delivery trucks, Jack Siede, president of Babaco Alarm systems, told students in the inland marine course at Insurance Society of New York in New York City.

Thousands of dollars worth of valuable merchandise are being stolen from vehicles while unattended during pickups and deliveries. The only sure and economical method of preventing such losses, he said, is by equipping the vehicles with electrical burglar alarm systems.

## Brill Promoted by Royal-Liverpool

Everett J. Brill has been promoted from assistant manager to associate manager of the inland marine, burglary and glass department of Royal-Liverpool group. He will be associated with John H. Glinsman, manager.

Mr. Brill joined the group in 1928 and subsequently was a fire underwriter, an inland marine underwriter, assistant manager of the inland marine department and assistant manager of the combined inland marine, burglary and glass department.

He is a founder and past skipper of New York Mariners Club.

## Germ to Retire from American Auto Claims Post

Frank Germ, claims manager at Chicago for American Auto, will retire on April 1 after 31 years with the company. He will be succeeded by Howard R. Waters, who will take charge at Chicago on Feb. 1.

Mr. Germ has been with American Auto at Cleveland and Cincinnati and was named claims manager at Chicago in 1942. He and his wife plan to make their future home at Miami.

Mr. Waters has many years of claims experience and was formerly claims manager for American Auto at Newark, New York City and St. Louis.

## Law Firm Succeeds Hunt with Federation

Everette H. Hunt has retired as counsel of Insurance Federation of New York and has been succeeded by De Graff, Foy, Conway & Holt-Harris, Albany law firm.

Mr. Hunt, who is retiring at his own request for reasons of health, has been the federation representative at Albany since 1941. Prior to that he was, from 1937, counsel to the joint legislative committee for revision of the insurance laws of New York.

## Springfield F&M. Group Promotes Hewat Davis

Hewat Davis has been named assistant superintendent of the special risks department by Springfield F. & M. group. He has been with the group since 1950 and has been a special agent in the engineering department.

## Feller to Head Agency

Robert Feller, Cleveland baseball pitcher, has been appointed president of the George H. Olmstead agency at Cleveland. The agency has been incorporated by Franklin A. Polk, Eugene P. Kent and Bernard J. Stulpinski.

## Insurance and Reinsurance

for experienced attention

use a STEWART, SMITH office

### NEW YORK

116 John Street, New York 38

### CHICAGO

Board of Trade Bldg., Chicago 4

### PHILADELPHIA

Public Ledger Bldg., Philadelphia 6

### MONTREAL

Sun Life Bldg., Montreal 2

### TORONTO

897 Bay Street, Toronto 5

### BIRMINGHAM

Frank Nelson Bldg., Birmingham

always at your service Around the Clock



### LONDON

1 Seething Lane, London E. C. 3

For Brokers • Agents • Companies



## Springfield F.&M. Makes Four Promotions in Pacific Departments

Springfield F.&M. group has made several promotions and appointments in its Pacific department.

John B. Hayes has been named superintendent of the fire underwriting division; Gordon T. Merrill has been appointed engineering department superintendent; and Eugene E. Dumesnil has been named agency superintendent in the agency division. Alton P. Stich, office superintendent, has also been assigned additional administrative duties.

Mr. Hayes joined Springfield in 1923 and after progressing through various underwriting positions, was appointed special agent for the California north coast territory in 1943. In 1946 he was recalled to the San Francisco office as chief underwriter.

Mr. Merrill joined Marsh & McLennan as a clerk in 1926. In 1929 he became an underwriter and later a special agent with Boston. He joined Springfield as an engineer in 1946.

Mr. Dumesnil started with Springfield in 1936 in the automobile department and later became superintendent. In 1946, he became special agent in northern California and in 1949 he returned to the Pacific department office as inland marine superintendent.

Mr. Stich joined Springfield in 1927 as a clerk in the Los Angeles office. He later became special agent and superintendent of agencies in southern California and Arizona. In 1952 he was transferred to the San Francisco office as personnel superintendent and later was named office superintendent in charge of office management and personnel.

## Urges More Medicine, Less Politics in WC

"Too often a worker is left with a sum of money he spends and a disability he keeps," according to Dr. Alexander P. Aitken, chief orthopedic surgeon at Boston city hospital, in a plea for revisions in workmen's compensation settlements.

Dr. Aitken, head of the American College of Surgeons' subcommittee on industrial relations, declares that modern compensation calls for getting the injured worker back on the job through continuing doctor's care. He urges that medical panels instead of political appointees be named on industrial accident boards to judge settlements. He advocates a program providing for full medical care without time or dollar limit from the day a worker is hurt until he resumes his job, involving vocational retraining as well as medical care and family security. His program also calls for coverage of all employees in small and non-hazardous industries and easing of employer liability on second injuries to encourage hiring of handicapped workers.

## Expiration Time of CDP, CPL Confusing

Lynn Bickelhaupt, Saratoga Springs agent, has uncovered what could present embarrassing situations to agents replacing standard comprehensive personal liability policies with comprehensive dwelling policy or basic homeowners' deals.

He pointed out to the New York State Assn. of Insurance Agents that the standard CPL policy term is from date of inception 12:01 a.m. to date of expiration at 12:01 a.m. The basic CDP or homeowners' policies is from date of inception 12 noon to date of expiration at 12 noon causing, when transferring policies, a lapse of nearly

12 hours. It could, says Bickelhaupt, prove "very embarrassing" should an accident occur during that period.

He advises predating CDP and homeowners' policies. Several major companies, the association revealed, are automatically binding CPL coverage for that 12-hour period, however, if an agent wants double safety, he can bind this coverage by attaching a memo to that effect.

## Owen Named in Ky.

Albert E. Owen has joined National Union as assistant manager at Louisville.

## Stewart, Smith, N. Y. Elects Several New Officers

Stewart, Smith & Co. of New York has reelected George J. Stewart president and has elected William S. Collins, former secretary-treasurer, vice-president, and Fred C. Tietje, former assistant treasurer, treasurer. Frederick A. Palm was elected secretary and Charles W. Cipolla assistant secretary.

New directors are William R. Carey, Anthony N. Christian, Martin E. Mc

Connell and Mr. Tietje.

Edward J. Sweeney was appointed manager of excess lines and A. Campbell Johnson manager of reinsurance.

## Columbus, O., CPCUs Elect B. G. Gottemoeller

Columbus, O., Chapter of CPCU has elected B. G. Gottemoeller, Nationwide, president; George Finneran, Beacon Mutual, vice-president; Warren L. Kennedy, American States, treasurer, and Orland Ross, Ross & Hoffhines, secretary.

**Don't turn your briefcase into a grief case...**

**field memo**

Ag-Empire  
Watertown, N.Y.

Dear Folks:

New Year's resolutions are a big joke these days -- because nobody expects anybody to keep them. But when a man keeps a resolution -- in my book that rates a headline. Take the case of agent Joe Adams. Early last year Joe showed me a newspaper clipping written by a doctor who wisely observed that a briefcase is a "grief" case if you bring it home full. "Work will keep," wrote the doctor. "Let up at the end of the day -- and live longer." "I've made that my resolution for 1955," said Joe. "I'll bet you a new hat you can't keep it." "Agreed!"

All year long Joe kept his resolve. On December 31, 1955 I paid him a final call. "Looks like you win a new hat, Joe." "Wrong," he said. "You win. This is the last day, but I'm afraid I'm going to have to break my resolution." He indicated his briefcase, crammed full of work to take home. It took me only a second to decide. I would help him keep his resolution even if it cost me a new hat. "Joe, we've still got the whole afternoon ahead of us. Let's see if we can't 'ungrief' your briefcase!"

By 5 o'clock Joe didn't have a single "grief" left!

*The Ag-Empire Man*

**P.S.**

Joe wouldn't accept a new hat. "I'm just happy I could keep my resolution," he said. "I would have lost without an assist from Ag-Empire -- not only today but all during the year."

Like to learn more about how Ag-Empire saves agents plenty of business "grief"? We're easy to write to.

**Agricultural**  
Insurance Company,  
of Watertown, N.Y.

Friendly  
Folks

**Empire State**  
Insurance Company,  
of Watertown, N.Y.

**TO APPEAL INJUNCTION****Top Indiana Court  
to Rule on Auto  
Dealer License Ban**

The Indiana attorney general is planning to appeal to Indiana supreme court a temporary injunction upholding the right of automobile dealers to become insurance agents.

The injunction was issued by Special

Judge Barger in Marion circuit court at Indianapolis Dec. 30, at the request of Motors Ins. Corp., after the insurance department refused to issue agent licenses to auto dealers.

The attorney general's office said the supreme court will be asked to dissolve the temporary injunction until the case can be heard on its own merits.

Commissioner Davey said he is opposed to permitting auto dealers to become insurance agents because their main interest would be in selling products rather than proper insurance. Motors' officials contended the insurance

department refused to issue agent licenses to employees even though they passed the required examinations.

**Rogan Plans Larger  
Wisconsin Department**

A reorganization and enlargement of the Wisconsin insurance department to provide closer supervision and regulation of A&S and casualty lines is planned by Paul Rogan, the new commissioner.

Mr. Rogan said he hopes to expand his present staff of 78 employees to 100 or more to bring into service the technicians needed to expand A&S and disability bureaus to the strength now enjoyed by life and fire examination staffs.

He will ask the state board of personnel and the state emergency board to give the required approval for pay range adjustments and the disbursement authority to his department.

Most of the proposed expansions will have no effect on the state tax treasury. The costs of examination and rate regulation are assessed against insurers under Wisconsin law.

Automobile casualty companies in Wisconsin last year collected premiums of about \$90 million. The A&S business, still rapidly expanding, reached a premium income of about \$81 million in 1954.

Commissioner Rogan is conducting a series of hearings on a staff proposal to reduce fire rates in Wisconsin. Rogan cancelled a rate order approved by a previous commissioner when he took office in November. The fire premiums collected in the state last year aggregated \$35 million.

In other actions recently, the new commissioner signed approvals for the admission of a number of foreign companies, including Maritime, Excess Mutual, Carolina Casualty, Freeport Ins. Co., Safeco, Transport Indemnity of Los Angeles, and Transport of Dallas.

Of the 774 companies licensed in Wisconsin, 490 are fire, including 186 Wisconsin town mutuals.

Risser & Co., Peoria, Ill., insurance agency has awarded contracts for construction of a two story and basement Insurance Center building. The building will cost approximately \$360,000 and will have room for about 15 life, casualty, bonding, fire and marine companies' agents and brokers.

**Highlights of  
the Week's News**

J. S. Kemper predicts more competition, increased premiums in 1956 .....Page 27  
Problems and peculiarities of all risk crop cover as shown in U. S. experience.....Page 15  
Superintendent Holz estimates UJF plan to cost uninsured \$40-\$50 .....Page 11  
\$250,000 bond on \$2 million Virginia theft.....Page 11  
Pennsylvania court holds multiple damage accident is single occurrence .....Page 10  
H&A Conference to participate in FTC trade conference .....Page 2  
Hospitality rooms will remain at Michigan conventions .....Page 2  
Commissioner Navarre approves 15% rate hike for Michigan Blue Cross .....Page 5  
High Loss ratios in assigned risk BI, PDL .....Page 16  
Anderson, Hanney, France elected by Chicago associations .....Page 12  
F. L. Templeman honored by International Claim Assn. on retiring .....Page 12  
Texas department leaders issue fighting statements on future of state regulation .....Page 8

**Set Midwest NAIA  
Rally for April 8-10**

The midwest territorial conference of National Assn. of Insurance Agents will be held April 8-10 at St. Paul, with headquarters in the St. Paul hotel. L. D. Engberg is general chairman, and other committee chairmen have been appointed for the meeting, which is expected to attract 1,000 agents and company men.

Kenneth Kaufman is local chairman; David Peilen, publicity; John Harrison, reception; Fred Clapp, housing; Herbert Mattison, finance; Lawrence Coler, property; H. W. Orme Jr., transportation; Robert Rogers, entertainment; Ernest Colingham, registration, and George Blomgren, director of convention activities.

**41 Cal. Executives Form  
Traffic Safety Foundation**

A new state-wide accident prevention organization, California Traffic Safety Foundation, has been incorporated by 41 business leaders including insurance company and organization executives.

Patterned after the recommendations of the President's White House conference on highway safety, the foundation is privately financed. It will be a working partner of official agencies. Temporary Chairman is Norman R. Sutherland, president of Pacific Gas & Electric Co. He said California is the first state to establish such a state-wide organization. Headquarters are in San Francisco.

Insurance executives on the board and who assisted in the formation of the foundation with a broadened program of activities, include K. K. Bechtel, Industrial Indemnity; H. W. Brower, Occidental Life; James F. Crafts, Fireman's Fund group; Willard W. Keith, Cosgrove & Co.; Herbert E. Manners, National Automobile Club; Robert E. Murphy, California-Western States Life; Henry E. North, Metropolitan Life and Harry J. Stewart, West Coast Life.

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## Navarre Approves 15% Rate Increase for Mich. Blue Cross

LANSING—Commissioner Navarre has approved a "compromise" increase of 15% in rates charged by Michigan Hospital Service (Blue Cross), declining to approve the full 23.1% boost asked by Blue Cross management.

Gov. Williams, expressing regret at the need for any increase, immediately announced he would designate a commission to study "the entire question of rates and benefits under prepaid hospital and medical care plans."

The new rate schedule will become effective March 1, Michigan Hospital Service executives said.

The commissioner noted that the Blue Cross petition for approval of a 23.1% increase was filed Nov. 22 and "contemplated rates which would be guaranteed for two years."

"Protests against the increase and requests that it be allowed were addressed to the office of the governor and to me," Mr. Navarre noted. Walter Reuther, United Auto Workers-CIO president, filed the most vigorous protest and persisted in requests that an investigative committee be named by the governor.

"Problems of 'over-utilization,' 'faulty utilization' and 'abuse' have been recognized," the commissioner continued, "as factors producing substantial increases in hospital costs to Blue Cross subscribers. These problems relate to the use of Blue Cross plans by doctors, hospitals and the public."

"After careful review, analysis and study of all of the information relating to the petition.... I disallow the petition of Michigan Hospital Service for a rate increase on that basis (23.1%). In order that the citizens of Michigan who are subscribers... be protected under their Blue Cross contracts, I find that an increase in... rates is necessary. To protect the solvency of Michigan Hospital Service and its hospital members, a rate increase of 15% is approved. I recommend that the governor appoint a commission to study and survey the problems of voluntary prepaid hospital care as exemplified by Blue Cross...."

The governor called the commissioner's order "necessary, though unfortunate" and, in promising to set up a study commission, said: "It is obvious that something must be done to check the upward spiral of rates." Otherwise, he explained, "This form of prepaid hospital service may price itself out reach of the people who need it most. If that should happen, the demand for public compulsory health insurance will certainly become overwhelming." He said the make-up of the study commission will include representatives of "all groups interested in the future of prepaid hospital and medical service."

LANSING—John W. Paynter, president of Michigan Hospital Service (Blue Cross) has asked Gov. Williams to appoint a citizens' committee to investigate the organization's operations. The move follows repeated attacks on operating policies of the service by Walter Reuther, president of CIO-United Auto Workers.

A request for approval of a 23.1% increase in Blue Cross rates precipitated the controversy in which Mr. Reuther quickly took an active part. He

charged that Blue Cross officials and the affiliated hospital managements have failed to pursue policies which would hold down costs and make rate increases unnecessary. He also contended that the proposed rate boost was larger than needed although conceding that Michigan Hospital Service has a dangerously low surplus.

Mr. Paynter apparently concurs in Mr. Reuther's original suggestion that an investigative body be designated to go into all phases of the rate situation and Blue Cross policies. In his telegram to the governor, Mr. Paynter said

he was much concerned about certain "unfounded charges" against the Blue Cross plan and felt a study committee should review operations and make any recommendations it deemed in the public interest.

"Blue Cross is operated solely in the public interest," he said, "by a widely representative board of trustees who serve without compensation. Under their direction and leadership, Michigan's Blue Cross plan has become the nation's second largest. The Michigan plan is looked to nationally as offering the highest standard of benefit of any

state-wide health prepayment plan."

At the hearing, Mr. Paynter said the hospital service paid out \$88 million in 1955 in care of 392,750 hospital patients and for care of 107,592 newborn infants and their mothers. This sum, he said, represented 95.5% of all payments into the plan during the calendar year. He said the plan had 3,600,000 members during the year and was responsible for payment of more than half the hospital care given by general hospitals for the period.

He also contended it would be dan-

(CONTINUED ON PAGE 21)

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State Farm's use of the Digest is a move that other insurance companies are watching closely—and for good reason.

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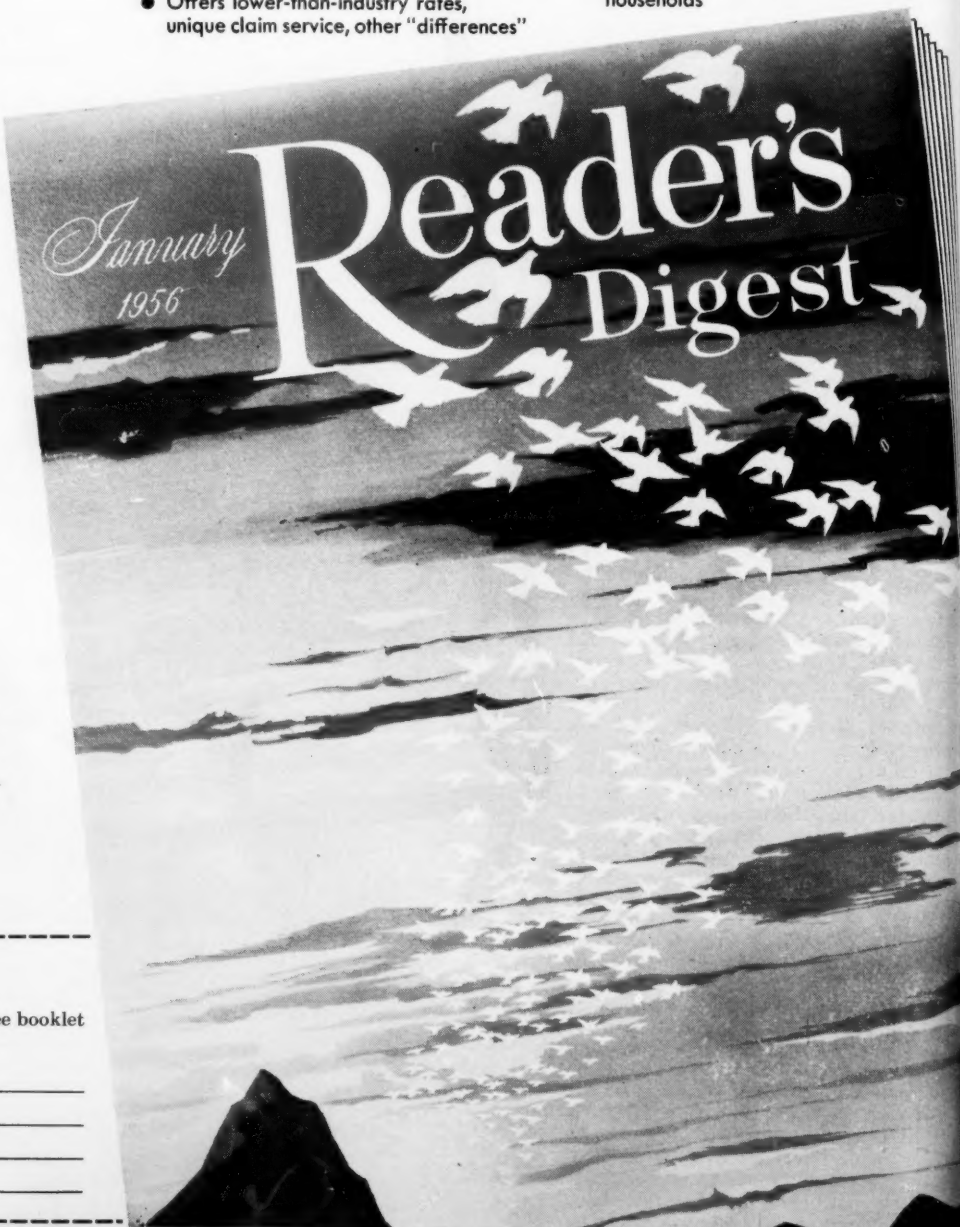
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Advertisement, continued



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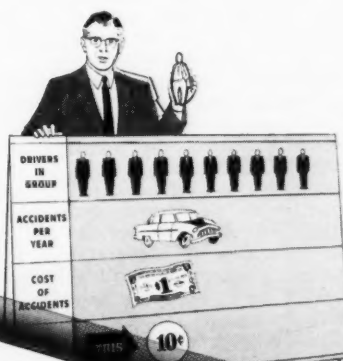
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NOT all auto insurance companies are alike in the way they handle claims and help policyholders who have accidents.

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More car owners buy auto insurance from State Farm Mutual than any other company in the world. And they buy it at less-than-industry rates.

Approximately 4 million car owners in the United States and Canada now insure with State Farm Mutual Automobile Insurance Company of Bloomington, Illinois. That makes State Farm far and away the most popular auto insurance in the world. And new members are signing up at the astounding rate of 4,000 a day. One every 21 seconds.

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- What does it offer that car owners want?
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At State Farm, drivers who are known to have bad accident records... drivers who are judged to be careless, reckless, or irresponsible... are politely but firmly turned down.

The pictures at right indicate how this "Careful Drivers Only" plan holds down accident costs for the company... insurance rates for its four million policyholders.

The plan makes considerable sense to the vast majority of car owners who have no difficulty in qualifying.

Good drivers like recognition of their ability behind the wheel, and paying only their fair share for auto insurance.

\*NOTE: Four states—Texas, Louisiana, Virginia, North Carolina—have special laws that do not permit independent rate making for automobile insurance. In these four states, State Farm passes savings back to State Farm members in the manner permitted by law.

"If you've had an accident, can you get in?" "When you have an accident, can you stay in?"

As a rule, yes. But it all depends on the accident. State Farm knows that even careful drivers sometimes have accidents. Every driver's record is considered individually on its own merits.

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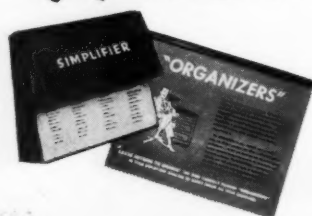


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## Texas Department Leaders Issue Fighting Statements on Future of State Regulation

As the turnover in the chairmanship of Texas board of insurance commissioners took place last week, the retiring chairman, Garland Smith, and his successor, Byron Saunders, each issued statements. Both were of a fighting nature, and they are given in greater part herewith:

### GARLAND SMITH

The period during which I have served as chairman has been the most active in Texas insurance history. The industry has grown rapidly, and the commission now has a regulatory job many times larger than that of any other regulatory agency among the 48 states.

I have lived for a long time with a heavy share of the responsibility for trying to maintain proper standards of regulation with a regulatory machinery and a body of regulatory laws which were designed for an earlier day and were less than adequate when I came onto the board as casualty commissioner in 1952.

We have tried to strengthen Texas insurance regulation with the powers available to us. That has not been an easy job. Through long years of relative indifference or disinterest, a great many people seemed to have lost perspective on the role the insurance commission is supposed to fill.

As a result, our performance of duty has over a long period been subject to an unusual amount of harassment, resistance, deliberate misrepresentation, and criticism.

No board in Texas history has been as active as we have been in taking action to place in receivership and put out of business the unsound operations and shady operators who had wormed through legal loopholes to enter the Texas insurance industry.

This has not been popular with the promotional fringe. As a result, they together with various witting and unwitting allies have tried desperately to bring the board's clean-up campaign to a halt. They have challenged and they are now challenging whether this board or any subsequent board can establish and maintain firm regulation over the fringes of this business.

I think it is time for a showdown. Solvency is the product of management, not of state laws or state regulation. The state cannot keep companies from operating when they become insolvent. Yet today we are in a situation in Texas in which the board is blamed and abused for each insolvency, and those who have harmed the public are held up as lily-white heroes.

The promoters have learned that their best defense, apparently, is to attack the board, individually and together. We have enforced the law more vigorously than any other board but we are accused of laxity. We have put more promoters out of business than any other board but we are accused of coddling them. When we put them out, then we are accused of persecuting them. Vicious and malicious innuendo about bribery and corruption is circulated against the commission and its staff, but I would note that in every instance the source and authority for such allegations are promoters we have put out of business or else henchmen in their pay.

It has boiled down to a simple choice of whether the board or its critics will regulate insurance in Texas.

I think we can settle this fight this year.

We have made mistakes. We have tried too many times to conciliate differences within the industry. We have

### BYRON SAUNDERS

I believe that we have come to the time for a showdown to see whether the insurance industry of this state is to be regulated by the board or by its critics who have tried—and are trying—to frustrate the clean-up of the bad practices and predatory operators in the business.

For a long time—for reasons I have no knowledge of—there seems to have existed the idea that the insurance commission should be seen very little and heard not at all. There has been considerable resistance to the effort to have a strong commission, properly staffed and properly armed to regulate the state's second largest industry.

There may have been a time when such a situation was tolerable. But insurance has become far too vital a part of our society today to permit its regulation to be complacent.

In this area, as in few others, the exercise of regulatory authority by state government must be hard-hitting, uncompromising, and fair or else that authority is not only worthless but deceitful as well. The public properly presumes that a company permitted to operate is worthy of confidence. Whenever companies are not worthy of such confidence, the fact that they are operating deceives and misleads the public.

Until Sept. 6, 1955, when the new

for too long held to the traditional pattern of Texas insurance regulation. That pattern won't work any more.

We have a wholesome body of new laws. We have more personnel and more power. We can attack the problems facing us with more vigor and more force than ever before. That we are going to do.

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insurance laws went into effect, this board was often in the unenviable position of being unable to protect or even to warn the public of operations which it knew to be unworthy of public confidence. We had more responsibility than we had authority. This situation has been corrected.

The laws we now have are strong laws. We have studied them carefully and thoroughly and I rather suspect that there is more strength in them than was apparent at the time of their passage.

We have embarked upon a program to test those laws and find out how strong they are. If the public welfare is in jeopardy, we are going to use those laws vigorously and let the courts tell us if and when we are too vigorous. We are not going to occupy ourselves deciding what we cannot do.

We realize that this is a decisive and critical time for Texas insurance. We realize that our responsibility is tremendous. We are determined to answer this challenge by giving Texas the strongest insurance regulation in the nation, and we intend to reach that goal within the year.

We may not do things in the future as they have been done in the past. We intend to reexamine and revitalize the entire department wherever and however such action will serve the public interest. We are not going to concede that any job is too big or too complex to be done if the public interest necessitates that it be done.

Over the past months, the critics—paid and unpaid—have had a field day. They have talked and whispered and gossiped freely and loosely and they have done a masterful job of undermining the public confidence in the board and in public regulation. I want to serve notice here and now that the day of patient silence on the part of the board is over. We are going to be seen and we are going to be heard and we are going to give our side of the story without hesitation.

Our work here is non-political and non-partisan. We are not going to sit by quietly and allow politics to treat insurance regulation as a football. Insurance regulation is out of politics and it is going to stay out.

We may have a day-and-night job on our hands, but we are going to get the job done. Before we are through, Texans are going to have reason to be proud of their insurance commission and insurance industry. There is a lot of room in Texas, but there is no room for those who are expecting to prey upon the public with their insurance schemes. As far as this board is concerned, those operators might as well start packing their bags right now.

### North Cal. Buyers Slate Model Insurance Program

A panel consisting of Fred Greenlaw, insurance manager of Kaiser companies; Robert Entriken, surety & burglary, assistant manager Fireman's Fund; and John Holland, office manager of Withoft & Farley, will build a model insurance program at a dinner meeting of Northern California chapter of American Society of Insurance Management, in San Francisco Jan. 19.

A hypothetical corporation's operations will be given to the panel to use as a basis for its discussion and the panel will design a program to protect the corporation's assets from risks of an insurable nature.

The society has invited members of Northern California CPCU chapter, San Francisco Insurance Forum, and the general insurance fraternity to attend the meeting.

Mr. Greenlaw has been insurance manager of Kaiser companies for the

past 10 years; Mr. Entriken is president of Northern California CPCU chapter, and John Holland is president of Oakland Insurance Forum.

### Chandler Names WC Board

Gov. A. B. Chandler has named a three man state workmen's compensation board with Clay Shackelford, former state senator, as chairman. Herbert Segal, Louisville, and Charles Fennell, Cynthia, were appointed members. All are Democrats and attorneys. Jennings Kearby, former state representative, was named board secretary.

### David Bath Heads Mich. Peninsula Agents Assn.

IRON MOUNTAIN, MICH.—David Bath of Iron Mountain has been elected president of the Upper Peninsula Assn. of Insurance Agents. Iron Mountain will play host to the annual convention of the peninsula group during the summer but exact dates have not yet been set.

Other officers are: Vice-president, Waldo Carlson, the Miller agency, Iron Mountain, and secretary-treasurer, W. F. Bertrand, the Commercial agency, Iron Mountain.

Mr. Bath also was named president of the Dickinson county association, succeeding Clark McGregor, also of Iron Mountain. Other new officers of the county group are: vice-president, Walter G. Holmberg, the General agency, Norway, and secretary-treasurer, N. C. Bartholomew, the Commercial agency, Iron Mountain.

### GAB Moves Reno Office

General Adjustment Bureau has moved its Reno, Nev., office to larger quarters at 101 West Arroyo. The office is supervised by Arthur L. Marks Jr.

Those who have tried to master the art of skating know that perfection is not attained through skill alone—that talent and skill often fail when courage and self-confidence are lacking. Skill and assurance are an invincible pair... When applied to the task of the insurance agent, self-confidence frequently comes from the knowledge that tangible forces are at work to offer assistance and cooperation whenever needed. Confidence in yourself and in your business will direct your efforts into more profitable channels. By representing one of the well-known insurance companies of the Crum & Forster Group, you can offer your assureds sound stock company protection—while availing yourself of valuable sales helps and dependable agency service.

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Sample policy and advertising circular on request.

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### Court Holds Multiple Damage Accident Is Single Occurrence

The federal court in western Pennsylvania has vacated and set aside its earlier opinion on the damage liability in an accident causing multiple damage in the case of Tri-State Roofing Co. vs New Amsterdam Casualty.

In the earlier opinion the judge found that the phrase "each accident limiting the amount of property damage liability" was to be interpreted in the light of the persons whose property was injured. Therefore, he ruled, when a pot containing hot pitch was upset and the flaming pitch caused fires and consequent damage to 11 properties owned by various persons, several accidents took place. The earlier opinion concluded that the \$1,000 limitation for each accident was to be applied to each person whose property interest was damaged.

Upon rehearing, the judge concluded that a study of the issues and authorities after reargument and the opinion of the U. S. fifth circuit court of

appeals in the case of St. Paul-Mercury vs Rutland, which was handed down subsequent to his earlier opinion, indicated that the weight of authority favored the insurer's contention that only one accident took place.

The Assn. of Casualty & Surety Companies, represented by Watters & Donovan, New York City law firm, filed a brief in the capacity of *amicus curiae* in support of New Amsterdam's position.

### W. Va. Agents Ready Plans for I-Day, February 27

Plans for the first I-Day in West Virginia, to be held Feb. 27 at the Fredrick hotel in Huntington, are nearing completion.

Paul Neville is executive committee member in charge and Clyde E. Smith Jr., president of West Virginia Assn. of Insurance Agents, will call the meeting to order. Other speakers include James Walker, Augusta, Ga.; Louie E. Woodbury Jr., Wilmington; M. J. Whitmar, vice-president and director of advertising, Dinerman & Co., Cincinnati, and Insurance Commissioner Gillooly. Huntington local board is host for the meeting and Robert Doane is chairman.

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## Holz Estimates UJF Plan to Cost Uninsured \$40-\$50

NEW YORK—Superintendent Holz reiterated his plan for an unsatisfied judgment fund before the chamber of commerce here and estimated it would cost the uninsured motorist \$40 to \$50 a year.

Mr. Holz revealed that the average cost of a 10/20/50 auto liability policy in New York state is under \$70.

"If a person is confronted with the alternative of paying that (\$40 or \$50) as a penalty as against obtaining the insurance for a few dollars more, I think reason would dictate the taking out of insurance."

Under his proposal for state legislation, which he terms "compulsory indemnification," the uninsured motorist will pay the \$40 to \$50 at the time he renews his auto registration. If he is found negligent in an accident, the fund will supply payment of the judgment. However, the plan also stipulates that the uninsured motorist is still liable for the full amount of the judgment and that his license will be revoked and his car impounded until full payment is returned to the fund.

Mr. Holz sees his plan as a great improvement on compulsory cover because of its application in accidents involving hit and run, stolen car and out of state cars. There the fund would still pay for the entire judgment.

Mr. Holz expressed the hope that insurance companies will undertake the defense action in behalf of uninsured. If they refuse, the state would take over, he said.

Mr. Holz added that he already has the structure of such a defense division in his liquidation bureau and could set it in motion within 24 hours.

## Maritime Unit Tells of War Risk Binders

The maritime administration has reported that there were 2,514 original binders issued by American War Risk Agency under the government's marine war risk program as of Sept. 30. Of these, 920 were hull, 830 protection and indemnity, 764 crew life and personal effects.

An administrative order provided for extension of binders, which were issued before Sept. 8, for two years upon payment of extension fees of 50% of the original fees.

No new applications for insurance on ships under construction were received during the quarter and no contracts with cargo underwriting agents have been executed.

## Stratton to View Atomic Energy Cover Problems

National Industrial Conference Board will conduct a course on atomic energy for business executives Feb. 27-March 3 and a repeat session April 30-May 5 at Westchester country club, Rye, N.Y.

Reuel C. Stratton, assistant superintendent of Travelers' compensation and liability department, will discuss the insurance problems of atomic energy.

## Industrial Indemnity Raises Ennis and King

C. L. Ennis, assistant division manager in Los Angeles of Industrial Indemnity, has been named production manager for that division. Forbes King, assistant home office personnel manager, was named assistant division manager in Los Angeles, replacing Mr. Ennis. Both men will work with vice-president C. W. Schiebel, manager of

the Los Angeles division.

Mr. Ennis has been with Industrial since 1945, when he joined the underwriting staff in San Francisco. He handled assignments in Sacramento and the home office before going to Los Angeles in 1949 as assistant division manager.

Mr. King has been with Industrial since 1946, when he started in the payroll audit department at Los Angeles. He has also been a special agent in San Francisco and Sacramento for Industrial Indemnity, and in 1953 he went to the home office as assistant personnel manager.

## \$250,000 Bond on \$2 Million Theft

An officer of Commonwealth Building & Loan Assn. of Norfolk, Va., has been charged with grand larceny of \$100,000 during the past 12 months. A Virginia prosecutor said he had been informed there were additional defalcations of at least \$800,000 extending over a five year period. First reports of auditors indicated the amount might run as high as \$1 million, and later information stated it could be \$2 mil-

lion or more. Fidelity & Deposit had a \$250,000 blanket bond on the risk.

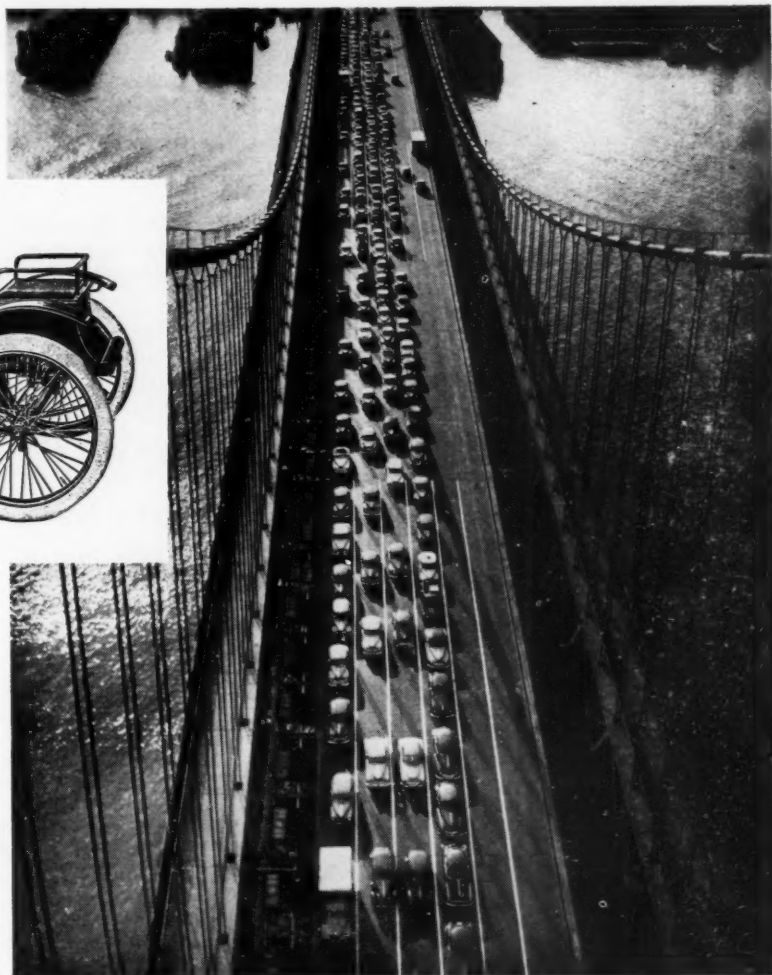
Miss Minnie C. Mangum, assistant secretary and treasurer of the firm, charged with grand larceny, was known in Norfolk for her personal generosity and charities and her activities in community and church work.

## Two Texas Prudential V-Ps Retire

R. W. Rogers, vice-president of Texas Prudential, has retired after 40 years with the company, and H. Gale Rogers, vice-president, also has retired after 25 years of service.



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An association of 24 American capital stock fire, marine and casualty insurance companies  
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## Anderson, Hanney, France Elected by Chicago Assns.

New officers were elected by three Chicago insurance associations at their annual meetings.

Casualty Underwriters Assn. chose William A. Anderson, American Casualty, president to succeed Eugene W. Lersch, Rollins Burdick Hunter. The vice-presidents, and their areas of responsibility, are: Program, George Snelten, London & Lancashire; arrangements, Clyde F. deWitt Jr., Employers Reinsurance; membership, Robert K. Peterson, American. Paul L. Kohn, Zurich, is treasurer, and Harold Bredberg, Bredberg Reports, secretary.

William M. Hanney, Zurich, was elected president of Chicago Burglary Underwriters Assn., replacing George Schramm, Fidelity & Deposit. Other officers are Roy Meinke, American, program vice-president; R. A. Todhunter, Indemnity of North America, arrangements vice-president; Ellsworth Furguson, Fidelity & Casualty, membership vice-president; Robert A. Emberg, Fireman's Fund Indemnity, treasurer, and Harold L. Bredberg, Bredberg Reports, secretary.

New skipper of the Mariners is Norman France, National Union Fire, replacing A. J. Andrews, American. William H. Maloney, Hartford Fire, was named first mate; Frank J. Fischer Jr., New Hampshire Fire, purser; Louis J. Feibel Jr., Atlantic companies, master-at-arms, and Harold Bredberg, Bredberg Reports, yeoman.

The Joseph C. Rutzong agency has been incorporated at Dayton.

## McAlexander Successor

## Claim Assn. Honors Templeman After 47 Years as Treasurer

F. L. Templeman, who has retired as manager of the A&S department of Maryland Casualty and as treasurer of International Claim Assn., was honored by the executive committee of the association at a meeting in Kansas City.

Mr. Templeman joined Maryland Casualty in 1899 and has spent his entire career with the company. He was elected treasurer of ICA in 1909, the year it was formed, and has been reelected annually ever since. He also has been a member of the executive committee.

In a ceremony marking Mr. Templeman's retirement as treasurer, Louis L. Graham, vice-president of Business Men's Assurance and secretary of the association, presented him with a silver service on behalf of the association. Mr. Graham cited Mr. Templeman's contributions to the development of A&S policies and to the growth of the association.

John McAlexander, 2nd vice-president and claims manager of Bankers National Life, was chosen to fill out the remainder of Mr. Templeman's term as treasurer and executive committee member.

## Rate Session in Mich.

LANSING—The fourth special course on "How Fire Rates are Made" is to be sponsored by Michigan Assn. of Insurance Agents Jan. 18-19 at Michigan State university. Jack Butterick, assistant secretary of the association is the sole instructor.

## "Good Will-

is a desire on the part of a person or persons to return to the people and their places of business where they have been well treated . . . it has a value"—so decided the Supreme Court many years ago.

The people at Lumbermens, many years ago, had a desire to establish an insurance relationship between policyholders, agents, and company through which each would be adequately protected and all could profit by the transaction.

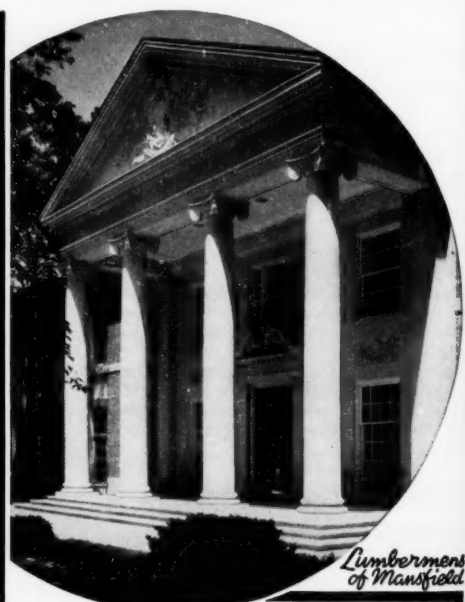
Thus developed the Good Will now recognized as outstanding in our fields of coverage.

Non-assessable, dividend paying, good will policies and services have been the mainstays of our growth.

We suggest that you join us for your share of the good will—and the profit. Write today.

Good Will policies across the Nation

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Nor  
Ohio  
Phoe  
Prov  
St. F  
Secu  
Sprin  
Stan  
Trav  
U.S.F  
U. S.



### III. OKs Allstate's New CPL Policy for Farmers

A new farmers comprehensive personal liability policy, providing greater protection and containing substantially less wordage than standard policies, has been approved for use by Allstate in Illinois.

Under the new policy, a policyholder who accidentally injures another person while engaged in sports is protected in case of lawsuit, as is the do-it-yourself mechanic. In addition, the farmer is protected against liability for accidents resulting from normal farm operations.

Voluntary property damage insurance is a new addition to the Allstate policy. This provides payments for costs or repairing or replacing property of others damaged by an insured under 13 years of age.

The policy also will pay the entire cost of a bond to free the policyholder's property from attachment in a lawsuit covered by the policy, regardless of the value of the property, the amount of the insurance, or the amount of the attachment bond.

Custom farming operations are covered if the annual income is less than \$250 a year. The operation of roadside stands maintained principally for the sale of produce also is covered.

If a neighbor is injured while doing exchange work on a farmer's property, his medical expense is provided for in the broadened policy. And a broader medical payments coverage will now pay for dental service, prosthetic devices and medicines.

Animal collision coverage now covers loss of the policyholder's animals caused by collision with any vehicle not owned or operated by the policyholder when the injured animals are on foot on a public highway.

Liability for injury to baby sitters, maids, and other employees who work inside the house is now covered by the policy without charge, regardless

of the number of such employees.

If the policyholder should die, protection for the family is automatically continued even though the company is not notified immediately.

The Illinois department also approved Allstate's new CPL policy which provides greater protection for persons other than farmers.

The **Koplar agency** of St. Louis, which has had offices in the Cotton building for the past 12 years, has moved to 7811 Carondelet avenue, Clayton, Mo.

### \$1 Million Loss in Kentucky Fire

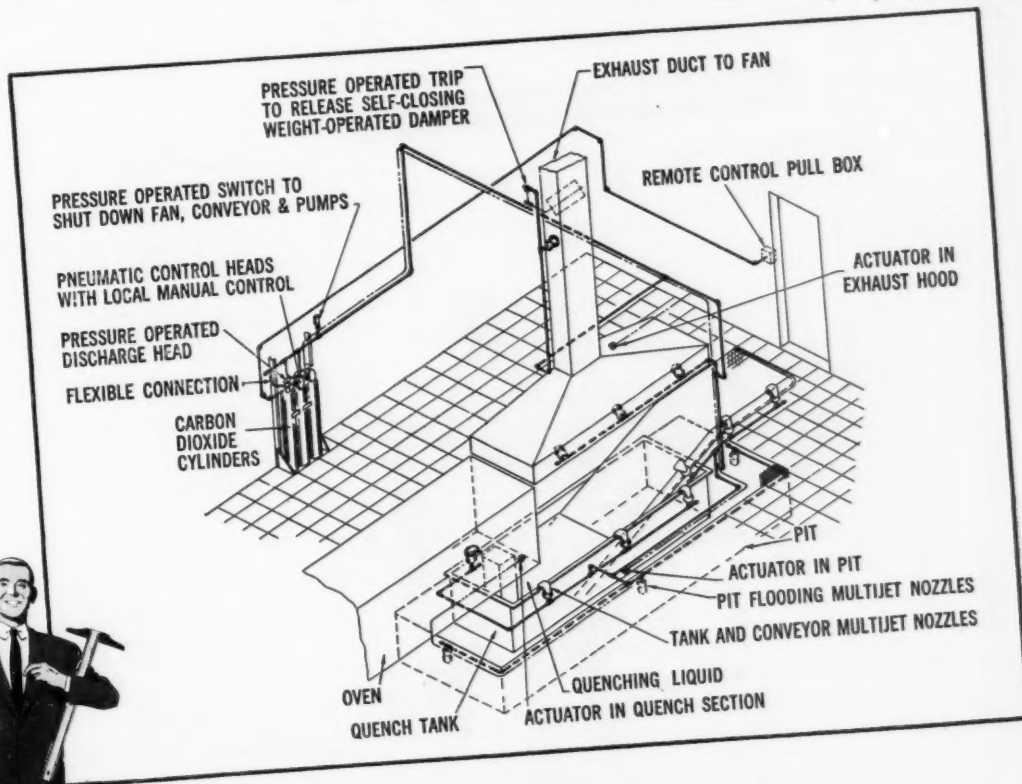
CINCINNATI—One of the largest northern Kentucky fires in years caused a \$1 million property loss to the W. W. Welch Co. building and stock at Covington, the blaze was fought by over 200 firemen. It is estimated the loss to the fan manufacturer will be divided \$750,000 stock and equipment, \$250,000 building, and \$250,000 U&O. In addition there will be \$50,000 insured loss to the nearby Premier Industries, manufacturers of soda straws

and paper plates.

The fire was well under way before it was discovered in the early morning hours by three patrolmen.

A series of smoke explosions rocked neighboring buildings. The Welch firm was located in a building formerly occupied by the Kenton County Looseleaf Tobacco Co. warehouse. The building was totally destroyed. Premier Industries will be closed two days.

Hartman & O'Meara agency, Cincinnati, wrote the Welch firm coverage. Aetna, Boston, and Fireman's Fund had the major portion of the line.



## STOCKS

By H. W. Cornelius Bacon, Whipple & Co.  
133 S. LaSalle St., Chicago, Jan. 10, 1956.

	Bid	Asked
Aetna Casualty .....	133	138
Aetna Fire .....	70	71½
Aetna Life .....	209	212
Agricultural .....	37½	38½
American Equitable .....	38	39
American Auto .....	24¾	25¾
American, (N. J.) .....	31½	32½
American Motorists .....	15½	16½
American Surety .....	99	102
Boston .....	41	42
Camden Fire .....	26	27
Continental Casualty .....	109	111
Crum & Forster com. ....	67	71
Federal .....	35	36
Fire Association .....	55½	56½
Fireman's Fund .....	64¾	65¾
Firemen's, (N. J.) .....	41	42½
General Reinsurance .....	49	51
Glens Falls .....	68	70
Globe & Republic .....	23	24
Great American Fire .....	40	42
Hartford Fire .....	152	155
Hanover Fire .....	47	48
Home (N. Y.) .....	49	50
Ins. Co. of No. America .....	108½	110
Maryland Casualty .....	36¾	37¾
Mass. Bonding .....	45	46½
National Casualty .....	56	60
National Fire .....	119	124
National Union .....	44½	45½
New Amsterdam Cas. ....	52½	54
New Hampshire .....	44	45
North River .....	44	45½
Ohio Casualty .....	94	Bid
Phoenix Conn. ....	89	91
Prov. Wash. ....	27	28
St. Paul F. & M. ....	52½	54
Security, Conn. ....	52	55
Springfield F. & M. ....	64½	65½
Standard Accident .....	55½	56½
Travelers .....	80¾	81¾
U.S.F. & G. ....	66½	67½
U. S. Fire .....	29	30

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IN THE PLAN ABOVE, you see a typical Kidde fire extinguishing system installation for the protection of one of industry's most dangerous fire hazards. However, all Kidde quench tank installations are not exactly like this one, since Kidde treats each quench tank as a *special* hazard which requires *special* fire protection!

Using safe, efficient carbon dioxide, Kidde systems snuff flames quickly, cleanly. The CO<sub>2</sub> leaves no mess to harm machinery or equipment, will not even damage work-in-process. And, thanks to patented Kidde rate-of-temperature-rise detectors, Kidde systems remain on guard 24 hours a day, completely independent of outside power sources.

Kidde systems use no clumsy mechanical triggering methods, have no falling weights. Pneumatic or Electrical Control Heads insure instant and complete CO<sub>2</sub> discharge. The moving parts of a Kidde

system are self-enclosed for safety, need no replacement after a fire, have easy-to-read visual indicators which show at a glance if system is "set" or "released." What's more, special Directional Valves on the Kidde system let you protect more than one hazard from the same cylinder bank, giving you the most versatile protection on the market today!

Without obligating yourself in any way, let the Kidde man analyze the fire hazards in your plant. Then let him show you our recommendations. For more information, write Kidde today.

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It emphasizes equally that to get  
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see the right man.

This ad tells them that the right  
man is YOU. It tells them why. It  
can direct good automobile  
business to your agency—if you  
cooperate.

Another expert—ready to assist  
your agency in any way he can—  
is your Home fieldman. Just  
call on him.

This advertisement  
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Time—Jan. 16  
Newsweek—Jan. 16  
Business Week—Jan. 21  
U.S. News & World Report—Jan. 27  
Town Journal—Jan.  
Better Homes & Gardens—Feb.  
American Home—Feb.  
Nation's Business—Feb.

## Convention Dates

- Feb. 21, Fire Department Instructors conference, Memphis.
- Feb. 22-24, Michigan Assn. of Insurance Agents, midyear, Sheraton-Cadillac hotel, Detroit.
- Feb. 27, West Virginia I-Day, Fredrick hotel, Huntington.
- March 5-7, National Assn. of Surety Bond Producers, annual, Roosevelt hotel, New Orleans.
- March 7-8, Fire Underwriters Assn. of the Pacific, annual, Sheraton-Palace hotel, San Francisco.
- March 9-10, State Mutual Agents Assn. of Pa., annual, Ben Franklin hotel, Philadelphia.
- March 9-10, Tri State Assn. of Mutual Insurance Agents, annual, Ben Franklin hotel, Philadelphia.
- March 22-24, Texas Assn. of Mutual Insurance Agents, spring meeting, Austin.
- March 23-24, Assn. of Insurance Attorneys, annual, Atlanta, Ga.
- March 26-27, Far West Agents conference, annual, Sheraton-Palace hotel, San Francisco.
- April 3-4, Virginia-D.C. Assn. of Mutual Insurance Agents, annual, Homestead, Hot Springs, W. Va.
- April 4, Chicago Insurance Day, Palmer House.
- April 5-7, Southern Agents Conference, Francis Marion hotel, Charleston, S. C.
- April 8-10, National Assn. of Insurance Agents, midwest territorial conference, St. Paul.
- April 8-10, Mutual Agents Assn. of New York, annual, Hotel Syracuse, Syracuse.
- April 13-14, Colorado Insurers Assn., annual, Broadmoor hotel, Colorado Springs.
- April 13-14, Rocky Mountain Territorial Conference, Broadmoor hotel, Colorado Springs.
- April 15-17, Mississippi Assn. of Mutual Insurance Agents, annual, Vicksburg hotel, Vicksburg.
- April 16, Rhode Island Assn. of Insurance Agents, midyear, Sheraton-Biltmore hotel, Providence.
- April 16-17, Iowa Assn. of Mutual Insurance Agents, annual, Hotel Savery, Des Moines.
- April 22-25, Eastern Agents Conference, annual, Hotel Statler, Hartford.
- April 23-25, State National Directors of NAIA, midyear, Hotel Statler, Hartford.
- April 30-May 2, Chamber of Commerce of the U.S., annual, Washington, D. C.
- April 30-May 2, Iowa Assn. of Insurance Agents, annual, Hotel Savery, Des Moines.
- May 3-5, Louisiana Assn. of Insurance Agents, annual, Edgewater Gulf hotel, Edgewater Park, Miss.
- May 3-5, National Assn. of Independent Insurance Adjusters, annual, San Souci hotel, Miami Beach.
- May 6-8, Florida Assn. of Mutual Insurance Agents, annual, The Colonnades, Riviera Beach.
- May 6-8, Alabama Assn. of Insurance Agents, annual, Whitley hotel, Montgomery.
- May 7-8, New York Assn. of Insurance Agents, annual, Syracuse.
- May 7-9, Board of Fire Underwriters of the Pacific, Santa Barbara Biltmore hotel, Santa Barbara.
- May 9-11, American Management Assn., insurance conference, Roosevelt hotel, New York.
- May 10, Surety Assn. of America, annual, New York.
- May 10-12, Florida Assn. of Insurance Agents, annual, George Washington hotel, Jacksonville.
- May 13-16, H&A Underwriters Conference, annual, Hotel Statler, Boston.
- May 14, National Bureau of Casualty Underwriters, annual, New York.
- May 14-15, Kentucky Assn. of Insurance Agents, Western District, Kenlake State Park, Hardin.
- May 14-15, Oklahoma Assn. of Insurance Agents, annual, Mayo hotel, Tulsa.
- May 16-18, National Assn. of Insurance Brokers, Boston.
- May 17-19, North Carolina Assn. of Insurance Agents, annual, Hotel Carolina, Pinehurst.
- May 17-19, Texas Assn. of Insurance Agents, annual, San Antonio.
- May 17-19, Arkansas Assn. of Insurance Agents, Arlington hotel, Hot Springs.
- May 20-22, Insurance Accounting & Statistical Assn., Hotel New Yorker, New York.
- May 20-23, Inland Marine Underwriters Assn., annual, Shawnee Inn, Shawnee, Pa.
- May 20-23, Inland Marine Insurance Bureau, annual, Shawnee Inn, Shawnee, Pa.
- May 21-22, Kentucky Assn. of Insurance Agents, Eastern District, Cumberland Falls State Park, Corbin.
- May 21-23, American Assn. of Managing General Agents, annual, Shamrock hotel, Houston.
- May 23, Midwestern Independent Statistical Service, annual, Bismarck hotel, Chicago.
- May 23, National Automobile Underwriters Assn., annual, Roosevelt hotel, New York.
- May 23-25, Georgia Assn. of Insurance Agents, annual, Oglethorpe hotel, Savannah.
- May 24, National Board of Fire Underwriters, annual, Hotel Commodore, New York.
- May 27-30, Virginia Assn. of Insurance Agents, annual, Hotel Chamberlain, Ft. Monroe-Old Point Comfort.

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# Fire and Casualty Insurance

## COMMENTS - TRENDS - OBSERVATIONS

### Problems and Peculiarities of All Risk Crop Cover as Shown in U. S. Experience

A multiple peril crop policy which will include drought will be offered in 1956 by about 60 private insurers, Ralph R. Botts, agricultural economist in the production economics research branch of the federal agricultural research service, said at the annual conference of American Assn. of University Teachers of Insurance in New York City. The coverage will be made available on a limited scale in conjunction with crop-hail coverage, he said.

Though Federal Crop Insurance Corporation has been in operation for 17 years, current textbooks on insurance devote little space to federal crop insurance, he said. In three latest editions, Mr. Botts found one line, one paragraph, and one and a half pages, respectively, devoted to the subject. Consequently, he called attention in his talk to some of the problems and peculiarities of all risk crop cover which have become apparent in the operation of the federal crop insurance program.

If drought losses are to be adjusted on the basis of percentage of damage, a way must be found to estimate what the production would have been if the drought had not occurred, Mr. Botts pointed out.

Under most forms of coverage, adjusters determine the amount of the loss, but in all-risk crop insurance the coverage is essentially a guarantee and the insurer must pay any difference between the coverage and the amount of the crop actually produced. Sometimes there is no production because the crop fails to grow.

The big problem in all-risk crop coverage is to determine actual production. It is more simple for crops such as cotton and tobacco, which move through established processing or sales channels, than it is for a crop like corn, which is fed on the farms where it is grown. The indemnity is increased by the amount of any production that is missed.

Most crop losses build up progressively. Loss frequencies are higher than they are for forms of insurance which apply to specified perils. In 1952, on the average, a loss was paid on one out of each seven contracts; yet premiums exceeded indemnities that year, he said.

Actuarial costs are high for all risk crop cover because of the necessity of fitting coverages and rates to rather small, homogeneous areas, Mr. Botts explained. On the other hand, the cost of selling and servicing federal crop insurance amounts to about 10% of premium income.

The price risk under federal crop cover is eliminated by the use of yield insurance. Some contracts provide a guaranteed yield in bushels or pounds.

Premiums and indemnities, calculated in physical units, are converted to dollars on the basis of a predetermined price each year. Under another type of contract, the coverage is stated in dollars, but any production is valued at the fixed price. It, in essence, is a yield guarantee. One coverage and rate applies to an area and the insurance is limited to the average investment in the crop for a type of farming area. It is a progressive coverage in that it increases, by stages, as the crop matures. The risk and the rates vary widely by crops and areas as well as by the amount of coverage established.

Weather may cause losses in quality as well as in quantity and the price per unit usually reflects any loss in quality. The methods of taking quality loss into consideration usually consist of valuing damaged production at a lower fixed price than was used in valuing undamaged production. In that way, the valuation on total production is reduced, causing the indemnity payment to be increased.

A farmer cannot obtain all risk crop insurance on the same basis as he gets his private crop-hail. He cannot elect to insure only certain fields, he must insure all he has in the county or none. Settlements by fields result in the payment of some losses that would have been avoided on an over-all basis.

(CONTINUED ON PAGE 26)

### Southeast Insurance Men Underwriting College Program

Southeastern insurance companies have blended themselves a prescription for their local recruiting and training ills with strictly home-grown ingredients.

As a result the insurance division of the school of business administration of Georgia State college at Atlanta has today its highest enrollment ever. Now the school, primarily through the support and cooperation of the insurance business in Georgia, offers a major course in insurance which has attracted more than 600 students. More than 150 of these are insurance majors studying with an eye towards future company management opportunities.

The course was started in 1953 after area insurance companies underwrote the salary of Dr. Kenneth Black, Jr., a brilliant, young Huebner Foundation PhD and North Carolina agency partner, to head the newly-formed division.

As Dr. Black explains, his initial job was to "develop an insurance program at the school and to integrate educational activities of insurance of the metropolitan Atlanta area.

"We have here now what is truly

an all-industry supported, cooperative insurance educational program."

Dr. Black received his BA and MS degrees from the University of North Carolina and his doctorate at the University of Pennsylvania in 1953. He was a fellow of the S. S. Huebner Foundation for insurance education from 1950 to 1953. He is at present a CPCU and has passed all CLU examinations. He is an instructor for CLU review classes and was, prior to going to Atlanta, a partner of Colonial Insurance agency, Chapel Hill, N. C.

Dr. Black is an author of several insurance articles. His doctor's thesis, "Group Annuities," was published by the Huebner Foundation. At 30 years of age, Dr. Black is one of the youngest faculty members in Georgia heading a college department.

### Don't Base Cover on Lease-Back Price, Appraiser Warns

The sale price of an industrial lease-back property is a poor criterion on which to base the amount of property, insurance, American Appraisal Co. warns, in its monthly service bulletin. The company says "the price at which the sale was consummated in most cases reflects to an important degree the economic rather than the physical aspects of value and may fail to segregate the price paid for the uninsurable items, such as land, from the insurable assets, such as building and fixed equipment."

For financial and income tax advantages, many large firms in recent years have been selling and then leasing part of their fixed assets.

Since most fire and casualty losses are partial ones where replacement and repair problems are presented, the standard fire policy stipulates that the basis for settlement is the actual cash value at the time of the fire, the bulletin continues. There is little support, therefore, to be obtained from referring to an over-all negotiated sale price for the entire property as of some prior date. Also, most policies require a complete inventory of assets at the time of the loss, but the bill of sale, the bulletin adds, seldom meets the requirements of preparing a proof of loss.

### Agents Wheel Homeowners Deal

Smith-Stone-Snyder agency of Wichita has given a homeowners policy advertising campaign a ride for its money.

The agency, promoting Maryland Casualty's policy, painted a huge ad on the side of a city bus. Pictured on the front of the bus were some of the perils covered by the policy—fire blazing from a roof-top, a postman being bitten by the homeowner's canine and a burglar escaping with the family jewels from a window. The lettering was a bright red on a pale green background.

### GOOD INVESTMENT

### Perpetual Policy Curious Survivor of Early Times

Though the amount of insurance written under perpetual fire contracts is small, seven insurers still write it, William F. Howard of Florida university told the annual meeting of American Assn. of University Teachers of Insurance in New York.

Mr. Howard briefed the principles of the perpetual fire contract. It is generally written under continuous contracts, the consideration for which is single premium. The coverage is not literally "perpetual" since both insured and insurer have the right to cancel. Some of the companies that write it issue contracts that are renewable at intervals as long as seven years.

The single premium is relatively large, he pointed out. One company requires a premium of 2% of the amount of insurance. The premiums collected, together with other assets, are invested. The investment return is then used to pay claims and operating expenses, to increase surpluses and to pay dividends to policyholders.

When the cover is terminated, the premium deposit is returned to insured. Most companies make some charge against the premium deposit if the insurance is terminated by insured in a relatively short time. For example, Mr. Howard said that one company returns 90% of the premium deposit if insurance is terminated within five years, 95% if ended from five to nine years and 100% if terminated after 10 years in force.

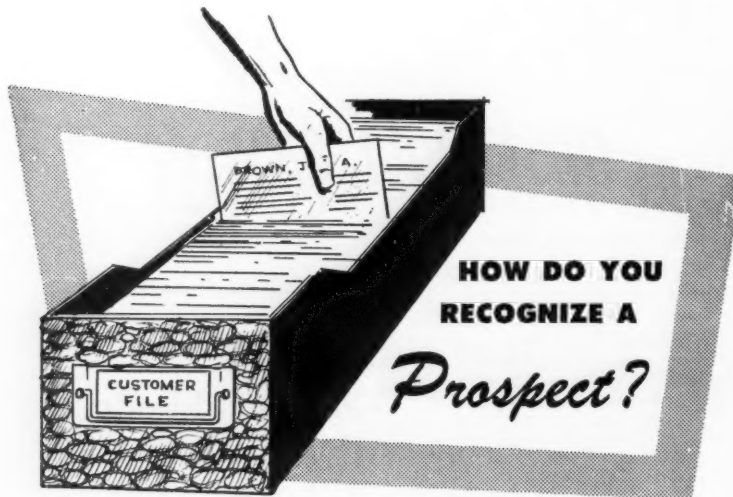
He listed the seven companies currently writing perpetual fire contracts: Philadelphia Contributorship for Insuring Houses Against Loss by Fire, Mutual Ins. Co. for Insuring Houses Against Loss by Fire of Philadelphia, Bucks County (Penn.) Contributorship for Insuring Houses Against Loss by Fire, Baltimore Equitable Society for Insuring Houses Against Loss by Fire, Mutual Ins. Society of Virginia (Richmond), Cincinnati Equitable Ins. Co. and North America.

Mr. Howard said that North America continues to write perpetual contracts primarily as a service to old customers who have held this type of cover in force for many years. It is merely an incidental part of the company's operations, he said.

However in the other six companies, perpetual contracts are their principal business. They are all old mutual companies and are small in terms of assets and policies in force, but are financially strong.

"Probably the directors of these companies are well aware of their historical significance and prefer to continue what now seem to be antiquated meth-

(CONTINUED ON PAGE 26)



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## High Loss Ratios in Assigned Risk BI, PDL

Available experience on assigned risks in all states and Hawaii show that earned premium for bodily injury, during the period for which figures are available, totaled \$83,106,271 and incurred losses ran \$79,790,559, making a 96% loss ratio, according to National Bureau. Property damage earned premiums totaled \$43,183,615 and incurred losses amounted to \$32,672,290, with a loss ratio of 75%.

The summary of the results is for all companies combined. The incurred losses figures for both BI and PDL include the allocated claim adjustment expenses. In Massachusetts the figures are for private passenger cars only, excluding allocated claim adjustment expenses for bodily injury.

The summary follows:

State or Territory	Policy Years Included	Bodily Injury Earned Premium	Bodily Injury Incurred Losses	Loss Ratio	Property Damage Earned Premium	Property Damage Incurred Losses	Loss Ratio
Alabama	1948-1953	\$ 119,336	\$ 58,662	.492	\$ 58,710	\$ 32,255	.54
Arizona	1952-1953	145,363	88,239	.607	88,198	45,307	.514
Arkansas	1950-1953	149,491	76,475	.512	49,528	32,074	.648
California	1942-1953	6,672,187	4,961,252	.744	4,491,199	2,862,204	.637
Colorado	1946-1953	265,151	195,868	.739	240,310	167,081	.695
Connecticut	1941-1953	2,732,695	3,191,108	1.168	1,090,265	860,157	.779
Delaware	1947-1953	55,298	26,355	.477	39,016	18,810	.482
Florida	1947-1953	944,438	568,929	.602	637,566	373,527	.586
Georgia	1948-1953	183,412	133,404	.727	131,642	91,015	.691
Hawaii	1952	2,369	3,048	1.287	2,285	953	.430
Idaho	1948-1953	84,536	54,123	.640	65,433	43,252	.661
Illinois	1941-1953	2,569,864	2,743,200	1.067	1,647,167	1,472,683	.894
Indiana	1946-1953	343,713	228,589	.665	276,762	243,075	.878
Iowa	1948-1953	499,178	443,272	.888	458,683	328,220	.716
Kansas	1950-1953	170,341	109,654	.644	143,150	110,252	.770
Kentucky	1947-1953	734,353	829,568	1.130	527,439	497,635	.943
Louisiana	1948-1953	457,773	310,923	.679	246,945	172,294	.698
Maine	1941-1953	453,794	391,832	.863	303,657	204,695	.674
Maryland	1950-1953	492,146	506,792	1.030	345,442	275,274	.797
Massachusetts	1948-1953	5,957,132	9,643,210	1.619	2,230,869	1,844,249	.827
Michigan	1946-1953	1,462,286	989,009	.676	1,263,424	955,977	.757
Minnesota	1943-1953	3,283,927	2,932,826	.893	2,004,495	1,276,966	.637
Mississippi	1948-1953	321,050	244,812	.763	123,189	74,953	.608
Missouri	1949-1953	532,116	373,422	.702	262,391	181,703	.692
Montana	1952-1953	86,398	48,258	.559	47,372	33,027	.697
Nebraska	1946-1953	311,296	260,212	.836	246,982	182,693	.740
Nevada	1950-1953	16,244	12,366	.761	13,128	6,258	.477
New Hamp.	1938-1953	875,938	774,984	.885	431,006	333,532	.774
New Jersey	1941-1953	4,645,323	3,691,861	.795	2,693,490	1,953,390	.725
New Mexico	1948-1953	93,902	52,436	.558	65,455	35,128	.537
New York	1941-1953	31,328,987	31,316,397	1.000	11,847,467	9,419,758	.796
N. Carolina	1949-1953	1,751,999	1,218,950	.696	1,104,677	712,922	.645
N. Dakota	1947-1953	271,999	133,646	.491	155,723	84,109	.540
Ohio	1947-1953	1,570,132	1,250,225	.796	1,447,805	1,063,076	.740
Oklahoma	1950-1953	183,827	138,791	.755	118,486	78,003	.658
Oregon	1946-1953	1,804,355	1,608,545	.891	1,324,169	964,169	.727
Pennsylvania	1943-1953	1,501,955	1,214,638	.809	1,079,900	934,018	.865
Rhode Island	1947-1953	304,217	279,129	.918	180,802	137,446	.760
S. Carolina	1948-1953	166,832	136,239	.817	112,957	99,071	.877
S. Dakota	1949-1953	33,468	67,694	2.023	21,210	29,330	1.338
Tennessee	1948-1953	435,110	384,658	.884	216,949	163,382	.750
Texas	1952-1953	559,648	481,128	.862	403,983	358,634	.889
Utah	1946-1953	168,906	138,084	.818	109,921	72,700	.661
Vermont	1941-1953	375,303	335,062	.893	219,960	152,934	.695
Virginia	1941-1953	2,490,595	2,312,537	.929	1,364,273	1,164,624	.854
Washington	1941-1953	1,845,820	1,377,440	.746	1,386,933	1,010,142	.731
W. Virginia	1947-1953	493,989	229,503	.465	259,296	129,008	.498
Wisconsin	1946-1953	3,063,404	3,168,651	1.034	1,531,658	1,323,270	.864
Wyoming	1948-1953	94,695	54,553	.576	72,258	43,025	.595
TOTAL		\$ 83,106,271	\$ 79,790,559	.960	\$ 43,183,615	\$ 32,672,290	.757

### Another Dwelling Course Conducted in Michigan

LANSING—Michigan Assn. of Insurance Agents sponsored a two-day course last week on dwelling package policies at Michigan State university. The first of these courses was run off in October and drew the largest attendance of any course ever sponsored by the association. More than 100 agents attended the second. The instructors were Joseph C. Finnell Jr. of Finnell & Finnell general agency, and George Simpson, state agent of Aetna Fire.

### Indiana Casualty Managers Elect Simpson President

INDIANAPOLIS—Marvin Simpson, London & Lancashire, has been elected president of Indiana Casualty & Surety Managers Assn. for 1956. Mark S. Allison, American Surety, is vice-president, and Craig Calkins, Globe Indemnity, is secretary-treasurer.

### Grain Milling Safety Booklet

Assn. of Casualty & Surety Companies has published a new pamphlet, *Your Guide to Safety in Grain Milling and Storage*. Among other matters, the booklet discusses storage and loading safety in railroad cars and rodent control. It is available to member companies at cost from the association's accident prevention department at 60 John street, New York, 38, N. Y.

### Allstate Reduces Rates in D. C.

Allstate has reduced rates on auto medical payments insurance from 4 to 33% in the District of Columbia. The cuts apply to privately owned and commercial vehicles.

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## West Coast Storm Losses to Reach \$12 Million

(CONTINUED FROM PAGE 1)

arranged a set of "guiding principles" for handling claims in a uniform manner. These guiding principles were also submitted to independent adjusters and local agents to further this objective.

More than 40 stock companies, represented at the meeting, agreed that where the paid loss is \$250 or less in replacement cost insurance, they would pay the full cost of repairs upon presentation of proof of loss. Claims of more than \$250 are to be reopened "unless we can certify to the company at the time proofs are submitted that repairs have been made or contracted for which will assure the spending of the agreed amounts." They also provide that under personal property floaters the claim is to be submitted to the interested company. Procedures for handling claims for flood damage, repairs, homeowners policies, etc., are also outlined in the principles.

Within the past week additional windstorm claims have been coming in from suburban areas, particularly from the owners of summer homes or week-end residences which abound throughout the San Mateo county hills, many of which are rural mansions. Others are coming in from similar areas in Santa Cruz county, which abounds with well-built cabins and many more substantial homes. These claims result from fallen trees, damaged roofs, etc., which were not discovered until the owners attempted to drive into their properties after the storms abated.

The over-all property damage from the storms, rains and floods throughout the entire stricken areas has been estimated at more than \$200 million—with \$125 million in California alone. The last known death report lists 75, most of them at Yuba City. Authorities, however, expect to find more bodies in this section.

Mr. Boyle, in a letter to stockholders of the GAB, has estimated losses and provided a summary of the situation by areas. Excerpts from his letter follow:

Windstorm damage at Eureka, Cal., was nominal. There are approximately 1,200 losses in the area including Crescent City which would average \$100. There is considerable flood damage throughout the territory. The towns of Klamath, Pepperwood, Rio Dell and Weott were completely inundated with dwellings and buildings washed away or moved from their foundations. Block (flood) coverage will be heavy with losses running up to \$75,000. Some 500 automobiles were covered with water and mud or washed away. The GAB has augmented its staff with senior men, who are handling four block coverage losses amounting to \$200,000 and more coming in.

At Santa Rosa, Cal., windstorm losses are estimated at 1,000 and average \$100. One personal property floater loss involves \$22,000 and block policies involved are averaging \$300. Also included in the area are the towns of Guerneville, Middletown, Napa, Calistoga and Ukiah.

Windstorm and falling trees were responsible for most of the damage in Marin county, Cal., where losses are estimated at 2,000 and average \$100. It is still impossible to estimate flood losses in the area.

San Francisco, Oakland, Redwood City, Vallejo and the peninsula suffered the greatest damage from the windstorm. There are approximately

15,000 losses in the area averaging \$100. Some parts of the area experienced flood damage, but there is not much insurance loss from this peril.

At San Jose, Cal., the some 1,500 losses should not exceed \$65.

In the Salinas, Watsonville and Santa Cruz, Cal., area, Santa Cruz suffered the most severe windstorm losses with approximately 1,000 averaging

\$150. There was also some flood damage in Santa Cruz. Comprehensive automobile losses at Watsonville will be high and there are quite a number of sizable losses under block coverages running from \$1,000 to \$100,000.

The Stockton, Cal., area was only slightly affected. There is no known flood coverage and approximately 500 windstorm losses averaging \$50.

At Sacramento, Cal., there was no flooding but windstorm losses are expected to exceed 3,000 and average

not more than \$100 each.

It is still difficult to estimate losses in the Marysville and Yuba City, Cal., area. The property loss was enormous with Yuba City under seven to 15 feet of water for some days after the break in the levee. Marysville escaped flooding although evacuation had been ordered and begun. The predominant loss in this area will be under coverages involving the peril of flood and comprehensive coverage on automo-

(CONTINUED ON PAGE 21)

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ALL CLASSES OF OCEAN AND INLAND MARINE INSURANCE

## Royal Liverpool Advances Henn, Simpson, Thompson

Elbert F. Henn and William C. Simpson, assistant managers in Royal Liverpool's metropolitan New York department, have been appointed assistant secretaries. They will assist M. J. Rhew, assistant U. S. manager, supervising the metropolitan and suburban territories.

In addition, William J. Thompson, vice-president, has relinquished supervision of the metropolitan department

to assume general administrative duties.

Mr. Henn joined the group with L.&L.&G. in 1927 as an underwriter. He became state agent of Texas in 1938 and of Kentucky and Tennessee in 1943. He transferred to New York in 1952 as assistant manager of the metropolitan department in charge of production.

Mr. Simpson went with L.&L.&G. in Glasgow, Scotland, in 1937, transferring to New York in 1947. He became assistant manager of the metropolitan department in fire and casualty ad-

ministration in 1950.

Mr. Thompson joined the group in 1919 in the claims department of Globe Indemnity. He became metropolitan manager in 1938, vice-president in 1943, vice-president of Eagle and Royal in 1947, and general manager of the group's metropolitan department in 1951.

Verner S. Gaggin, general manager of Philadelphia Better Business Bureau, will be guest speaker at the annual banquet of Insurance Society of Philadelphia Jan. 16 at Bellevue-Stratford hotel.

## Don Carlos, Hogan Retire at Travelers

Harlan S. Don Carlos, attorney in the claim departments of Travelers and an insurance law educator, retired Dec. 30 after 38 years with the company.

Also retiring was Thomas W. B. Hogan, examiner in the casualty claims department, who had been with the company 41 years.

Mr. Don Carlos was, over the years, an adjuster, assistant and associate chief adjuster, and manager of the life, accident, and group claims departments. He became attorney of the departments in 1947. He was president of Hartford college of insurance from 1938 to 1948 and is presently a member of the college advisory committee. He is a former president of International Claim Assn., a former vice-president of International Assn. of Insurance Counsel and a past chairman of the latter's A&S law committee. He is chairman of the committee on lay adjusters of International Claim Assn.

Early last year Mr. Don Carlos was honored by Southwestern Legal Foundation of Dallas for his part in organizing the country's first insurance law center in Dallas.

Mr. Hogan joined the company at Boston as a claim investigator. He transferred to the home office in 1921.

## President Recommends Flood Damage Program

An experimental program of flood damage indemnities was recommended to Congress by President Eisenhower in his state-of-the-union message. The administration plans to make detailed recommendations on the subject to Congress.

On the same day the president's message went to Congress, the housing and home finance agency submitted a draft bill dealing with the subject. Meanwhile, the Senate banking committee postponed its meeting on the subject, but the HHFA bill was presented to Sen. Bush of Connecticut, a member of the committee. In introducing the bill to the House banking committee, Rep. Wolcott of Michigan described it as a five year \$3 billion flood indemnity and reinsurance program.

Four other similar bills were also presented at the session.

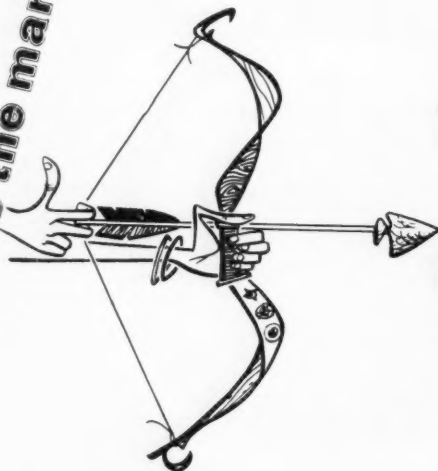
## Wright Observes 50th with Springfield F.&M.

Vice-president Charles C. Wright of Springfield F.&M. group was feted on his 50th anniversary with the organization at a luncheon in Springfield. He was presented with a banjo clock from the company and with a purse from his fellow officers. He joined the companies as a mail clerk in 1906, worked in underwriting departments and became special agent in Pennsylvania in 1917. After 12 years of field experience, he returned to the head office where he was made general agent in 1929. He was elected assistant secretary in 1931, secretary in 1940, and vice-president in 1946. He served two terms on the governing board of Fire Insurance Rating Organization of New Jersey, was chairman of the committee on uniform forms of Insurance Executives Assn., and for several years was a member of the governing board of Insurance Institute of America.

## Camden Fire Opens N.Y. Office

Camden Fire has opened a New York City office at 130 William street with Larry Inkster as manager. Mr. Inkster has been assistant manager of Camden's Newark office since 1950.

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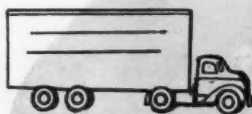
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## Phoenix, Conn., Opens Detroit Office, Makes Several Promotions

Phoenix of Hartford group has established a new district office in the National Bank building at Detroit. It also appointed State Agent Pritchard J. Payseur manager at Des Moines and transferred Special Agent Craig E. Gilbert from Hartford to the southern Connecticut field.

Charles Rosenow, who has been manager at Detroit, is taking charge of all divisions there. The inland marine division is under the supervision of Special Agent Richard Stratton, assisted by Examiner John R. East. The casualty and bonding division is headed by Superintendent Warner F. Voss, assisted by Special Agent Russell A. Humm. After March 1 all casualty and surety business which has been handled at Chicago, will be written at Detroit.

State Agent W. P. Van Wormer and Special Agents Chester F. Hodkowski, Robert B. Heldstab, and Garry L. Glomstead augment Mr. Rosenow's staff.

Mr. Payseur will be in charge of the complete multiple line operations at Des Moines. Under the new revised operations, the inland marine business, formerly written at Minneapolis, will be handled through the Des Moines inland marine division, which is under supervision of Special Agent Robert R. Coddington, assisted by Examiner Roger J. Conner.

Mr. Gilbert's new headquarters will be at 23 Whitney avenue, New Haven. He will augment the staff of Special Agents Frederick Boger and Walter B. Allen Jr.

## Defense Directive No Help at Ft. Bragg

Commissioner Gold of the North Carolina insurance department, who recently expressed the opinion that a Defense Department directive would end operations by unlicensed insurers and agents at Ft. Bragg, has changed his mind.

He said the directive applies only to life insurance and would not affect the sale of automobile liability insurance. The directive also requires only that companies and agents be licensed in one of the states, territories or District of Columbia, but not necessarily in the state in which the military reservation is located.

He said that the insurance situation at military reservations is "a blight on the armed forces," and he feels that insurers and agents should be required to have licenses from the state where the post is located.

## Shortened Form of Building Code Issued

National Board has published an abbreviated form of its new, revised national building code. The shortened edition covers all items encountered in the usual run of building construction in the smaller community, providing for other items of construction by reference to the complete edition of the code.

## Agent Held Liable for Premium Balance

John G. Stevens, Bridgeport, Conn., local agent, has been ordered by common pleas court there to pay the balance on a \$3,000 premium left unpaid by Bridgeport Sportsmen's Club, the insured.

Mr. Stevens obtained the liability insurance for the club on its stock car

traces through William E. Gorbach Co., Hartford, excess lines brokers. The latter wrote the policy after obtaining a \$750 deposit with the requirement that the annual premium would be computed at the end of the racing season at the rate of \$175 for each racing meet. The balance of the premium was not paid because the club ended the racing season without assets. The Gorbach company tried to collect from Mr. Stevens and when he refused, filed suit.

The court held that all dealings were between broker and agent and that the credit extended was to Mr. Stevens and not to insured.

## La. Agents to Seek Mandatory Rates

At its midyear meeting in Shreveport, Louisiana Assn. of Insurance Agents adopted a resolution pledging support of efforts to secure mandatory automobile rates. The agents would like to see a special motor vehicle insurance department within the casualty and surety division of the state insurance department, which would promulgate auto rates.

The group also voted to seek amendments to the state law that would give

the association a voice in licensing of agents. At present the granting of such licenses is left to the discretion of the insurance commissioner.

It was also resolved to back enactment of legislation that would define a general agent as in the category of management of an insurance company. The general agent would be placed under the jurisdiction of the insurance department on the same basis as an insurer. General agents attending the meeting voiced their approval of such legislation and stated there would be no opposition from other general agents.

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## EDITORIAL COMMENT

### The Surgical Fee Probe—a Good Omen

The recently announced special study of surgical fees that the American College of Surgeons is launching seems like a good omen for the wider coverage of surgical expenses through private insurers.

Surgeons' fees are not, in general, a source of legitimate complaints. Nevertheless, there have been cases where the existence of insurance has apparently caused a surgeon to charge more than he otherwise would. These situations point to a need for some kind of control that would not leave insurers as vulnerable as they are now to possible overcharges.

A present difficulty in attempting to cover all surgical expenses through insurance is the lack of any kind of control over what the surgeon can charge, except the surgeon's conscience—unless the company wants to resort to complaining to the board of censors of the county medical society. This is certainly not a happy solution, even though it is available as a last resort against the relatively few cases of unconscionable overcharging.

There have been reports that the general practitioners are aroused about instances of high fees charged by surgeons for what seemed like small amounts of work. The physicians felt that these surgeons were putting an exaggerated market value on their services as compared with the hard-working family doctor.

Unfortunately, there have been just enough instances of high charges by surgeons to irritate the general public and the physicians who hear about them. It is of course understandable that since the usual practice of physicians and surgeons is to adjust their fees to the patient's ability to pay the surgeon should charge some people more than others. Moreover, a person in moderate circumstances who has a high-limit surgical policy puts himself in the rich-people class thereby and it is not surprising that the surgeon regards him as able to meet a high fee as easily as the local millionaire can, since much of the bill is to be taken care of by the insurance company.

It is also unreasonable to expect that just because a man is a skilled surgeon he should also be a good business man or a good public relations man—for himself or his profession. If he charges too high a fee, it may be because he is a poor financial manager. It may even be because he charges

many of his patients far less than they should pay. In any event, whether he is overcharging with a cynical disregard of possible repercussions or he simply lacks good judgment in the price-setting department, it is highly desirable that some sort of standard be brought into play and generally accepted.

If this is not done, the surgeon who charges a reasonable scale of fees and does not boost them up out of reason when a heavily insured person comes his way suffers from the ill-will generated by the high-charge surgeon while the latter walks off with the heavy dough. Thus, the situation resulting from these relatively rare cases of overcharging must be just as galling for the great majority of surgeons as to the general practitioners and the public.

In announcing the special study of surgical fees, Dr. I. S. Ravdin of Philadelphia,

chairman of the American College of Surgeons board of regents, mentioned that any patient who feels he has been overcharged already has the means of redress, through complaint to the board of censors of the county medical society. Most people, Dr. Ravdin said, don't know about this.

It might be added that even if they did know about it, it is not a very satisfactory way of taking care of the high-charge situation. A patient may so highly respect the surgeon as a skilled operator as not to want to take him to court, as it were, by blowing the whistle on him. It would be far better if the surgeons with the overcharging tendencies could be brought into line by their fellows so that the need for cutting their fees down to size would not mar the surgeon-patient relationship.

Since much of the success of surgical insurance plans and major medical depends on keeping claims within reason, the insurance business has every reason to hope that the American College of Surgeons investigation will result in controls that will make it possible for insurers to provide more complete surgical coverage than they do now and still keep the price within reason.

## PERSONALS

**Milton V. Lanning**, new secretary of Prudential of Great Britain, Skandia



M. V. Lanning

and Hudson of the J. A. Munro group, began his insurance career in 1941 with Hartford Accident as assistant underwriter in the automobile department. He joined Firemen's of Newark in 1945, went with Excelsior in 1947 and joined the Munro group in 1952 as an underwriter. He is actively engaged in the underwriting and servicing of all types of reinsurance of fire and allied lines.

**Frank P. Brown**, local agent of Crossville, Tenn., became a traffic fatality statistic and lived to protest. He was erroneously recorded as one of the record 897 traffic fatalities in Tennessee for 1955 after his secretary mistakenly typed "yes" to the form question "did the person die" when she filled out the report of a minor accident in which he was involved.

**Edmund D. Stevens** local agent at Buffalo, celebrated his 50th anniversary in insurance. A dinner was given him there by business associates, members of his family and friends. The

anniversary coincided with his 66th birthday. He entered insurance in 1905 with Deuel Lapey & Co., left that agency in 1922 to form the Teach & Stevens agency with John T. Teach as a partner, and in 1929 he started conducting business under his own name. He now has been joined by his son, E. D. Stevens Jr., a partner in the business.

**Kenneth E. Black**, president of Home, has been elected to the advisory committee of the board of directors of Chemical Corn Exchange Bank of New York.

About 40 officers and employees of National Bureau of Casualty Underwriters honored **Norman Nachman**, assistant manager of the general liability division, on his 25th anniversary with the organization at a luncheon in New York City. William Leslie, general manager, presented him with a gift.

**Otto Jordan**, retired chief of St. Louis Underwriters Salvage Corps, was presented a clock at a dinner in his honor at the Lennon hotel, St. Louis. Mr. Jordan was with the corps since 1902 and its chief since 1939.

**Oliver A. Berwin**, president of Kralman agency at St. Louis, will be chairman of the St. Louis Shrine circus next July.

**J. Raymond Linehan**, local agent of Watertown, N. Y., has been elected a director of the chamber of commerce there.

## DEATHS

**ROBERT D. WILLIAMS**, 33, independent broker at St. Petersburg, Fla., was found dead in a Chicago hotel. An empty sleeping pill bottle and a suicide note were found beside the body. Mr. Williams was an underwriter in the reinsurance division of Continental Casualty at Chicago from 1954 to 1955. Prior to that he was president of Underwriters Agency and assistant manager of Jones & Whitlock's Lloyds department.

**AMANDUS H. MERTES**, 54, head of the Cook county brokerage department of Hanover Fire, died at Chicago. Mr. Mertes joined the company in 1916 at the age of 14. His various positions with the company included head of the survey department and examiner for Iowa, Nebraska and North and South Dakota.

**L. B. ROGERS**, who was executive special agent of the farm department of America Fore until he resigned to return to his home town, Bloomington, Ind., as vice-president of First National Bank there, died of a heart attack.

**MRS. THELMA I. CORNELL**, 47, office manager for the R. L. Jensen agency, died. She was a member of Insurance Women of Flint and of the American Businesswomen's Assn.

**SETH H. MORFORD**, 84, founder and chairman of the general insurance firm of Burwell & Morford, died at Seattle. He headed the firm for 56 years.

**GEORGE M. KOHN**, head of the Kohn-Brown agency at Philadelphia, died after a short illness there. He was president of the agency 35 years.

**WILLIAM B. FEARING**, 91, retired vice-president of Hingham, Mutual, died in Hingham, Mass., after a long illness.

**P. S. BULL**, president of the Bull agency at Ironton, O., died there of a cerebral hemorrhage.

**THOMAS H. REED**, 77, Centreville, Miss., local agent for many years, died at his home there.

**RUSS J. CHRISTY**, 40, member of the Thomas E. Gray agency of Tampa, died after a short illness.

**JOHN P. BENNETT**, 81, assistant secretary in charge of the A&S underwriting department of U.S. Casualty, died suddenly four days before his 82nd birthday anniversary. His home was in Babylon, N.Y. He entered insurance in a local agency at Monroe, La., in 1900 he joined Norwich Union Fire

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in New York City, and in 1905 he went with U.S. Casualty in its A&S department. He had celebrated his 50th anniversary with the latter company last May.

Mr. Bennett was president of International Claim Assn. in 1924-25, and during his career he served on many committees of Bureau of A&H Underwriters, the A&H Club of New York, and Health Insurance Assn. of America.

**JOHN H. SHUNNEY**, Valley Falls, R. I., agent, died there. The agency will be continued by his brother, Walter J. Shunney.

**ROY J. CARROLL**, prominent Denver agent, died in La Jolla, Cal. Mr. Carroll spent his entire insurance career of 40 years with the firm of Gill & Smith and was a partner since 1929.

## Navarre Approves 15% Rate Increase for Mich. Blue Cross

(CONTINUED FROM PAGE 5)

gerous to solvency of the system to permit any further delay in raising rates although conceding that the postponement of approval had made it impossible to impose the 23% increase in payment schedules as of Feb. 1, the original plan. "It is our estimate" he said, "that by Feb. 1 our deficit will be 1.6% and by March 1... between 2 and 2.5%."

Larry Gettlinger, Mr. Reuther's administrative assistant who represented him at the hearing, demanded a "full-scale fundamental investigation of problems and recommend remedial action." He said surveys indicated laxity on the part of doctors in sending patients to hospitals with an alleged 14% faulty use of hospital service. He said another study indicated 16 of 19 patients hospitalized more than two weeks are "ambulatory and should be discharged."

Al Barber, Detroit, speaking for the Wayne county and Michigan CIO councils, said his groups opposed the increase "unequivocally." He contended the proposed raise created a "serious social question" which might bring a demand for a "state health program."

He said CIO favors the "co-operative" plan such as Blue Cross but demands that "hospitals and the medical profession do their share" in holding down costs.

## West Coast Storm Losses to Reach \$12 Million

(CONTINUED FROM PAGE 17)

biles. There are several large personal property floaters and block coverages involved with losses up to \$100,000. The GAB is ready to open a storm office in the area as soon as it is possible to get some idea of the needs, which could be several weeks or longer. There are some 1,500 windstorm losses at Maryville averaging \$100, while the major loss at Yuba City will result from flood damage.

At Redding and Chico, Cal., only windstorm loss is involved with the estimate set at 700 averaging \$75.

At Visalia, Cal., the greatest damage will be from flood although there are some 300 windstorm losses averaging \$100.

There are only some 500 windstorm losses averaging not more than \$100 in the Reno, Nev., area, but flood loss should be high. Carson City and Minden were affected more than Reno and the average loss may reach \$150.

Although Washington, Oregon and Idaho were not covered under catastrophe 68, Mr. Boyd included an estimate of losses in the area. Some of his remarks follow:

There is no flood damage in Portland, Ore., although windstorm losses will total 500 and average \$75.

The Coos Bay, Ore., area was the most severely affected and some of the territory was isolated until just recently. There are some 1,000 windstorm losses averaging \$150 with severe losses involving lumber mills, heavy equipment and automobile comprehensive due to the flood.

At Salem, Ore., there are approximately 1,000 insured windstorm claims averaging \$100, severe losses involving lumber mills and sizable business interruption losses anticipated due to shutdown from wind damage.

Some 300 windstorm losses at Pendleton, Ore., average \$75.

There are some 1,500 losses averaging \$75 at Spokane, some 200 averaging \$65 at Yakima and some 300 averaging \$50 at Moses Lake, all in Washington. No flood damage is involved at any of the three places or at Twin Falls, Ida., where windstorm losses should reach 400 and average \$175.

Mr. Boyle pointed out that the GAB had opened storm offices at San Fran-

cisco, Oakland, Redwood City, Salinas, Santa Cruz and Coos Bay.

He said it is very difficult "to determine in any authentic manner the extent of the insured loss by flood under personal property and installment floaters, block policies, equipment floaters, bridge policies and comprehensive automobile coverage."

He suggested that underwriters set their reserves high for auto comprehensive losses in flooded areas.

Gordon Davis, secretary-manager of Mutual Loss Research Bureau, said "mutual company loss managers and independent adjusters have indicated that the ratio of adjusters to losses is adequate. Except for unusual cases, the greater bulk of the mutual losses should be cleaned up within 60 days."

He said 36 mutual company loss executives and independent adjusters at-

tended a meeting in San Francisco last week to determine any need for additional manpower and to discuss the more troublesome questions arising under the new forms.

Mr. Davis has been in the area since Dec. 29 and is accompanied by R. L. Lusk, education director of the bureau. The bureau plans to hold fire loss clinics for independent adjusters and mutual company loss personnel at Los Angeles, April 3-7, and at San Francisco, April 10-14.

## Plan Minn. CPCU Rally

Minnesota CPCU chapter will stage its first all-industry luncheon Feb. 9 in the Nicollet hotel, Minneapolis. Robert L. Braddock, executive vice-president of General Reinsurance, will be the featured speaker and CPCU designations will be presented by Harry J. Loman, dean of the American Institute.



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## American Forms New Casualty Claims Unit

American has formed a nationwide casualty claims supervisory unit in the home office's loss department.

The new unit is staffed by Alfred W. Driscoll, Frank X. McGrath, Stanley H. Apgar and William D. Olsen, regional claims superintendents, and William M. Connolly, compensation claims superintendent. They are under direction of John L. Edelman, assistant secretary.

Mr. Driscoll joined American as an adjuster in 1944. He transferred to Cleveland as loss supervisor in 1946 and was named loss superintendent in 1952.

Mr. Apgar joined American's casualty affiliate, Bankers Indemnity, as a claims examiner in 1942. He was named manager of New Jersey claims in 1953.

Mr. McGrath went to American in 1943 as assistant claims manager. He was named manager in 1945 and assistant general adjuster in 1950.

Mr. Olsen joined the company after recently resigning as Pittsburgh manager of Massachusetts Bonding.

Mr. Connolly went with American as assistant claims manager in 1944, transferred to the home office loss department as an inside adjuster in 1951 and was named compensation loss supervisor in 1952.

## N.Y. Insurance Probers Return to Private Law

Harold I. Kahen and Benjamin L. Tenzer, who served as associate counsel in the New York insurance department's investigation of employee welfare and pension plans, have returned to private law practice in New York

City. They were primarily engaged in drafting legislative recommendations for registration of the employee benefit programs and supervising related aspects of the study.

Mr. Kahen is associated with the firm of Delson, Levin & Gordon and Mr. Tenzer has resumed his private law practice.

## N.H. Agents to Confer with National Bureau

National Bureau of Casualty Underwriters has agreed to set up a conference committee to meet with a similar group from New Hampshire Assn. of Insurance Agents. No date has been set for the conference.

Representatives of national bureau will be George H. Ainley of Fidelity & Casualty, George Hazel of Hartford Accident and Clark Shattuck of Travelers Indemnity, all of Manchester. Representing the agents will be President Edward Robinson of Manchester, John DeMeritt of Exeter, Louis Clarner of Concord, John Jacobs of Berlin and Frederick Griffin of Manchester.

## Hartford Accident Names McKenzie at D.C.

Alfred J. McKenzie has been named superintendent of the fidelity and surety department of Hartford Accident at Washington, D.C., succeeding John Kidd, who has resigned for reasons of health. Mr. McKenzie entered bonding in 1943, and was for a time in the production end of the business. He joined Hartford Accident last year.

## Gadsden, Ala., Board Elects

New officers of Gadsden (Ala.) Board are Robert L. Blanks of the W. P. Johnson agency, president; Mrs. Blanch C. Duke, of Duke-Coker agency, vice-president, and William A. Harris of Wragg agency, secretary.



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## Judge Jeers at Policy Language in Case on Completed Operations

Chief Judge Schnackenberg of U. S. court of appeals, 7th circuit, at Chicago recently indulged in the time-honored judicial prerogative of poking fun at the language of insurance policies. The case, *Ocean Accident vs Aconomy Erectors, 8 CCH (Fire & Casualty) 766*, involved a comprehensive general liability policy, with no product cover. There was an argument over whether operations of the insured had been completed at the time of the accident. Ocean Accident brought a declaratory judgment action in the federal district court at Chicago, seeking a holding of no coverage, and the district court gave a summary judgment against the insurer.

In reversing this holding and sending the case back for a trial on the facts, Judge Schnackenberg, after quoting much of the policy and the statements and pleadings of the different parties in his opinion, said: "The true meaning of the policy is difficult to determine. An examination of it involves a physical effort of no mean proportions. Starting out with three printed pages, the first of which consists largely of a form which is filled in on a typewriter, the reader is confronted also with six physically attached supplements, or riders, inconveniently assorted into different sizes. If he is possessed of reasonable physical dexterity, coupled with average mental capacity, he may then attempt to integrate and harmonize the dubious meanings to be found in this not inconsiderable package. A confused attempt to set forth an insuring agreement is later assailed by such a bewildering array of exclusions, definitions and conditions, that the result is confounded almost to the point of unintelligibility. To describe the policy as ambiguous is a substantial understatement. To ascertain its meaning we are forced to seek refuge in the well settled rules that insurance contracts are to be construed liberally in insured's favor and strictly against the insurer... Guided by these rules, it might reasonably be claimed that there emerges through the confusing language and the shapeless masses of words before us, an intention to protect Aconomy from the commonplace risks incidental to the business of a construction contractor."

The case is an interesting one and involves a question which has often been argued among liability underwriters and claims men. Aconomy Erectors, the insured, had been engaged by a general contractor to install certain steel work on a building under construction. Another sub-contractor was killed while laying concrete slabs over some steel beams installed by Aconomy Erectors and his estate sued that firm, charging negligent installation and welding. The installation of these beams had been completed, but Aconomy Erectors had certain other iron work to complete at the time of the accident. Comprehensive liability insurance, with product cover excluded, does not cover liability arising out of completed operations, so the case will involve a determination of whether operations under those circumstances had been "completed" within the meaning of the policy provision.

Quincy Mutual is building a two-story brick addition to its home office in Quincy, Mass., for business expansion.

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## FIELD

### London Assurance Names Three, Has New Maine Field

London Assurance has appointed as special agents Paul F. Carroll in mid-Atlantic territory, Harold T. Bradley in northern New Jersey and Richard R. Scanlan in a newly established Maine field.

Mr. Carroll will assist State Agent Larry Ralston. His headquarters will be in the Washington Square building, 106 South Seventh street, Philadelphia. He recently has been an underwriter in the New York office.

Mr. Bradley succeeds Paul Kicey who is transferring to New York City to join the casualty division. Mr. Bradley's headquarters will be at the New York City home office.

Mr. Scanlan becomes special agent of the newly established territory of Maine, which has been separated from the New England territory. A new field office has been opened in the Casco Bank building, Portland. He joined the group in the underwriting department at New York and is leaving that unit to assume duties in Maine. The Maine area was formerly handled by Robert MacKinnon, New England state agent, who will continue in the same capacity for the remainder of New England.

### Aetna Fire Opens New Mountain States Office

Aetna Fire has opened a new mountain states office at 430 East 7th avenue, Denver, to service agents in Colorado, Wyoming and New Mexico. Patrick E. O'Rourke is manager and the staff consists of W. E. Minner Jr. and W. C. Daniels, assistant managers, fire department; W. F. Conrad and W. J. Cato, assistant managers of casualty and marine departments respectively, and H. T. Nelligan, claim manager.

State Agent E. J. Neville will continue to operate out of Albuquerque.

### North British Names Western Field Men

North British group has appointed S. Travis Gitlin state agent for eastern Missouri at St. Louis and Paul E. Thompson special agent for Arizona at Phoenix.

Mr. Gitlin, who formerly was special agent in Missouri for National Union, succeeds Benjamin Harrison, who has resigned.

Mr. Thompson started in insurance with General Adjustment Bureau at Denver. He was with both the Arkansas and Rocky Mountain Inspection and Rating Bureaus before going to North British.

### Northern of N. Y. Advances Dahl in N. J.

Northern of New York has appointed Arthur W. Dahl state agent for New Jersey succeeding Fred W. Flechtner, who has been promoted to secretary at the home office.

Mr. Dahl joined the company in 1936, became an underwriter in the fire, marine and automobile departments and was named special agent in New Jersey in 1949.

### Olson to Head Crop-Hail for National of Hartford

P. J. Olson has been appointed crop-hail supervisor for Minnesota and North and South Dakota by National

of Hartford group. He has been in crop-hail production and adjustment for National.

Mr. Olson will be associated with State Agents J. J. Mulligan and I. O. Steen and Special Agents F. E. Brigham and L. S. Gut in the Minneapolis office.

### Bellows Kan. State Agent for Boston, Old Colony

Kirk M. Bellows has been appointed state agent in Kansas for Boston and Old Colony. He has been special agent in Kansas for Aetna Fire. His headquarters are 541 New England Building, Topeka.

### American Names Jones Indiana Special Agent

American has appointed Isaac Jones special agent for eastern Indiana at Indianapolis. He formerly served as an auditor in Indiana Audit Bureau and was special agent of Home prior to joining American.

### New Hampshire Names Sipple Mich Manager

New Hampshire group has advanced Donald R. Sipple, state agent, to manager of Michigan at Detroit. He succeeds H. C. Pollack who resigned to enter the local agency field.

### Aetna Fire Raises Evans

Aetna Fire has promoted Kenneth Evans from special agent to state agent in the western Nebraska field. Mr. Evans' headquarters are at North Platte.

### 80 Attend Phoenix Field Meeting

More than 80 field men attended Phoenix of Hartford's eastern field men's round-up in Hartford. They came from New England states, New York, New Jersey, Maryland, Delaware, Pennsylvania and eastern Canada.

## A & S

### Plan A&S Course of LUTC at Chicago Starting Feb. 3

The new A&S agents' training course being sponsored by Life Underwriters Training Council will be conducted for the first time in Chicago, beginning Feb. 3. Class sessions, to run for 12 weeks, will be held on Friday afternoons at 135 South LaSalle street. The \$30 fee includes cost of text material and examination. A group of outstanding life and A&S authorities will serve as instructors.

Several companies have adopted scholarship plans for the course. Primary emphasis is on the development of skills and the use of knowledge as contrasted with the acquisition of information alone. Chairman of the course is E. D. Tripole. Life and A&S manager of Rockwood Co.

### Madison A&H Assn. Holds Party

Madison Assn. of A&H Underwriters sponsored a Christmas party for pupils of the remedial class at Longfellow school.

Harold Fair headed the arrangements committee which included Robert A. Judd, L. B. Allord and Clarence Kroneman.

### Slate DITC at Indianapolis

Indianapolis Assn. of A&H Underwriters will open its third disability insurance training course Feb. 9 in cooperation with Butler university. The course will meet Thursday afternoons for 13 weeks.

Butler and the Indianapolis associa-

tion jointly sponsored the first DITC last spring. Another course was run at the school last fall and subsequent courses will be conducted every semester as long as demand continues. Instructor is William Highfield, A&S editor for Insurance R&R.

### Wright Speaks at Milwaukee

Gibson Wright, Eau Claire, Wis., Continental Casualty, Wisconsin director of International Assn. of A&H Underwriters, spoke at the January meeting of Milwaukee A&H Underwriters. He reported on the recent international executive board meeting in Miami. Tom Callahan, local president, conducted an open forum for the review of activities in 1955 and plans of committee chairmen for the coming year.

### To Hear Perkins at Chicago

Chicago A&H Assn. at a meeting Jan. 17 will hear a talk by A. W. Perkins, vice-president of Union Mutual Life. A former Maine insurance commissioner, Mr. Perkins last year was chairman of Bureau of A&H Underwriters.

### Weisensel to LaCrosse Helm

LaCrosse (Wis.) A&H Assn. has elected L. V. Weisensel, president; Frank Kneeland, vice-president, and Gertrude S. Valier, secretary.

### The Two Hartfords Open New and Larger Philadelphia Offices

The Philadelphia office of Hartford Fire and Hartford Accident will open Jan. 16 at a new location, 436 Walnut street, in the downtown insurance district.

Formerly located in the Insurance Exchange building at 401 Walnut street, the new offices will occupy the entire seventh and eighth floors of the Independence building. The 16,000 square feet of floor space has undergone extensive renovations, including installation of air-conditioning and new lighting, ceilings and flooring. An added feature of the enlarged office is an employees lounge.

Open house for agents and other guests will be held Jan. 20. Officials from the head office who will attend are A. L. Polley, vice-president, B. B. Gracey, vice-president and secretary and E. M. Kelley, secretary of Hartford Fire and Frank P. Handley, vice-president, and James F. Keating and Robert B. DeVore, secretaries of Hartford Accident.

The Hartford Fire office at Philadelphia is headed by Manager John H. Munroe and Assistant Manager John P. Holden, and the Hartford Accident office by Manager V. K. Simpson and Assistant Managers Earl K. Scott and Frederick W. Moore.

### American Offers Crop Hail in Mo., Kan., Neb.

American is expanding its crop-hail operations to Missouri, Kansas and Nebraska.

Special Agent Stanley Hunter, who joined the company Jan. 1, will assist field men with production in the three states (except northeast Nebraska). He will supervise loss adjustments and underwriting and establish policywriting facilities at the company's Kansas City office, where he will have headquarters.

State Agent L. C. Herting, who for the past year has supervised the company's crop-hail production in North and South Dakota, Minnesota and northwest Iowa, will provide the same services for field men in northeast Nebraska. His headquarters are at Sioux Falls, S.D.

Employers Mutuals of Wausau have moved their Denver office to the Reed-Miller building.

### 23 Cars Lost in \$225,000 Blaze

Fire destroyed 23 new cars and the Ward Ford agency at Newark, causing a \$140,000 insured loss to buildings and contents. The loss of automobiles may bring the damage to \$225,000. The public adjuster handling the case was not able to say how much insurance was carried on the cars.

### Woolliscroft to St. Paul Insurer; Has Novel Plan to 'Rehabilitate' Auto Risks

Winfred L. Woolliscroft, formerly sales manager of Property Owners Mutual of St. Paul, has been named production vice-president of Arrow Ins. Co., the newly organized stock company at St. Paul which will specialize in automobile coverages.

President of Arrow is Everett P. Freeman, who also heads the Star agency at St. Paul, specialist in substandard automobile risks. The agency will write these risks through the new company.

Arrow is offering what it terms a rehabilitation program, one in which drivers will be given reduced rates after they have been with the company for two years without further violation or accident for which they are responsible. Each year thereafter the rate will be reduced until at the end of five years the driver is entitled to a policy with the company at standard rates. Letters and information will be sent to the insured from time to time in an effort to educate them to safer driving habits.

Other officers of Arrow are George F. Feller, treasurer; H. H. Sievers, director, and J. S. Freeman, secretary.

### Agent's Advertising Primer Ready for Distribution

A second edition of "Agents' Advertising Primer" has been published by Rough Notes Co. of Indianapolis. The author is Jarvis W. Mason, who has been advertising manager of London Assurance and National Fire and is presently vice-president of Wilson, Haight, Welch & Grover advertising agency of Hartford, Conn.

The new edition contains a chapter on agency service advertising and describes how local boards are using cooperative advertising in competition with direct writers.

Copies may be obtained from the Rough Notes Co. at 1142 N. Meridian St., Indianapolis 6, Ind., at \$1.50 each.

### Globe & Republic Pays 10 Cent Increase

Globe & Republic of Corroon & Reynolds group has increased its annual dividend 10 cents, raising it to \$1. The increase is payable Feb. 1 to holders of record Jan. 23.

### Buyers to Eye WC

New York chapter of American Society of Insurance Management will hear a discussion of growing costs of workmen's compensation Jan. 19 in New York City by Stanwood L. Hanson, assistant vice-president of Liberty Mutual. He will also show a film, "A Place for Courage."

### New Edgewater Beach Aide

Semy Ernest has been named assistant to the general manager and will be in charge of catering operations at the Edgewater Beach hotel, Chicago, site of many insurance conventions.

Born in Alsace-Lorraine, France, Mr. Ernest has been active in the hotel and food industry for more than 45 years. He also has served as food consultant for the war department and for the maritime commission.



## Charge Farmers Mutual of Wis. Wrests Expirations

(CONTINUED FROM PAGE 1)  
managers) we then had in Wisconsin, the only state in which we were operating at that time.

"... At the conclusion of each meeting a vote was taken. The vote in favor of a new plan was unanimous at all but one meeting. At that meeting, there was one dissenting vote.

"Consequently, in April of 1932, Farmers Mutual changed to an unorthodox semi-annual, unlevel premium plan for writing of automobile insurance. This was characterized by using retail methods and retail prices for new business, and wholesale methods and wholesale prices on renewals. From that time forward, the lowest possible renewal rates' became the end purpose of Farmers Mutual."

In elaboration, Mr. Maurer stated, "For many years prior to the time these Indiana agents withdrew from Farmers Mutual, on termination of an agent, we always made arrangements for servicing policies outstanding in the territory involved, by notifying the insureds of the individual appointed to service such policies. Such action is not for the purpose of taking over the business or so-called 'expirations' of any agents, but merely to furnish the service which the company is obliged to render to members under our contracts of insurance. These withdrawing Indiana agents are at all times free to write off business in any other company in which they can persuade the insureds to place it.

"When an agent severs his connection with Farmers Mutual, we do not encourage or compel insureds to cancel or lapse their membership in our company. We feel a moral—indeed if not a legal—obligation to allow the insured freedom to choose if he wants to continue his mutual company membership rights and benefits. Conversely, our agents, in event of termination of their agency, have the right to solicit and induce our insureds to lapse or cancel their membership and place their insurance with the withdrawing agent in any company he represents. To facilitate this exercise of choice by our members, we permit cancelled agents to keep all policy records and information which he had acquired while an agent of the company.

"Our company-agency relationship agreement provides, substantially, that when a qualified agent stops representing Farmers Mutual (even if it is to compete against us), he is entitled to receive from the successor agent a full additional year's servicing pay applicable to those members who exercise their right to continue their insurance in Farmers Mutual and who, therefore, will receive authorized service from such successor Farmers Mutual agent."

## Incorporate Mo. Insurer

Colonial Casualty Co. of America has been incorporated at Kansas City, Mo., and authorized to issue 400,000 shares of \$1 par value stock.

Incorporators are R. B. Riss, W. C. Dannevik, R. Young, J. M. Records and others.

## Review Texas Court Action

Southwestern Insurance Information Service in its December bulletin gives a report on the 339 automobile BI, general liability BI and workmen's compensation cases involving members since Jan. 1, 1955.

Of the 339 cases, 61 resulted in de-

fense verdicts, 46 for more than plaintiff's demands; 163 for more than offered but less than demanded; 14 for less than offered, and 49 for the amount offered.

## Tex. Board to Hold Hearing on Title Insurance Rates

Texas Board of Insurance Commissioners, International Life building, 815 Brazos street, Austin, will hold a hearing Jan. 17, in the commissioners' hearing room, 9:30 a.m., to consider title insurance rates, division of premiums with agents, manual rules, forms of policies, endorsements, commitments and contracts, uniform reporting, and other matters.

## St. Louis CPCUs Choose Reid

Elliot Reid of Insurers Service Corp. was elected to succeed John O. Felker of Laclede Insurance Agency, as president of St. Louis chapter of CPCU.

The other officers are: 1st Vice-president, L. Z. M. Brown, Jr., Continental Casualty; 2nd Vice-President, Albert L. Weiss of Thomas, Busse, Weiss, Cullen & Godfrey, attorneys; Treasurer, Henry Bell, Century, and Secretary, Robert O. Scheiperpeter.

## M. & M. Indemnity Enters Fire Field; Votes Stock Increase

As a result of the multiple line bill recently enacted in Ohio, Manufacturers & Merchants Indemnity has entered the fire field.

At a special meeting in Cincinnati, M.&M. shareholders approved an increase of outstanding shares of common stock to 60,000 and agreed to sell 20,000 new shares to Transit Insurance & Securities of St. Louis.

This brings stated capital of the company to \$1 million and the total investment to \$2,600,000. The combined organizations and additional capital will enable M.&M. to offer all types of fire and casualty coverage and to expand and improve its present service.

M&M, as a subsidiary of the Kroger Co., operates through 14 branches in the midwest and south. Transit owns and operates several companies, the principal one being Transit Casualty of St. Louis, with facilities in 75 cities in the middle and far west.

Also approved by the shareholders

was an increase in the board of directors from 9 to 12.

At the meeting of the directors, following the shareholders meeting, Roger B. Conant, a director since 1943, announced his resignation. Mr. Conant also recently retired as real estate manager and assistant treasurer of the Kroger Co.

Officers elected were Joseph B. Hall, board chairman; Preston Estep, president; Henry Ernst, John M. Lockhart, Harry L. Martin and William T. Conway, vice-presidents and Lloyd E. Boas, vice-president and general counsel; Frank M. Grieme, treasurer and assistant secretary; George C. Clarke, secretary, and David J. Maundrell, controller and assistant treasurer. C. A. Ross was appointed assistant secretary and A. T. Bolting, assistant treasurer.

## Holz on TV with Plan

Superintendent Holz of New York spoke on his proposal for a compulsory indemnification law for uninsured motorists on the TV program, "Between the Lines" WABD, New York City. Appearing on the program also was Saul M. Dash, New York City broker.

Young or old, whatever the A&H Need,  
you'll find it in . . .

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Security LINE

ACCIDENT . . . SICKNESS . . . HOSPITAL . . . SURGICAL

Both long term and short term policies . . . a policy for the older risk . . . family and individual Hospital-Surgical Expense to age 75 . . . many optional coverages, including Provident's Catastrophic Extras Rider on the Hospital-Surgical plan . . . premium payments to fit every pocketbook — annually, quarterly, or monthly. Write for full details today.

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 PROVIDENT LIFE & ACCIDENT INSURANCE COMPANY  
Chattanooga—Since 1887

LIFE ACCIDENT SICKNESS HOSPITAL SURGICAL MEDICAL



Lightweight, low in cost, this centuries-old hat fits a particular need.



Quite a different need is served by this famous hat of the palace guard.

## Carefully fitted protection...

is a major factor in building your business and your reputation as an insurance man. Like other well-established capital stock companies, London & Lancashire's choice of modern coverages gives your assured a "custom fit".

We think you will agree: what serves your assured best is best for your business.

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SAFEGUARD INSURANCE COMPANY OF NEW YORK  
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LONDON & LANCASHIRE INDEMNITY COMPANY OF AMERICA

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### Problems, Peculiarities of All Risk Crop Cover

(CONTINUED FROM PAGE 15)

sis, but the latter more nearly measures the loss to the farmer. The high production on one field offsets the low on another.

Other features of the all-risk crop cover include a multiple crop contract under which a farmer's coverage on several crops is combined. His indemnity is the deficit by which his combined production, valued at the fixed prices, falls short of the combined coverage in dollars. Another type of multiple crop contract, which was offered for the first time in 1954, allows losses to be settled separately on each crop, Mr. Botts said.

A citrus insurance program in operation in two Florida counties is against the specific perils of hurricane, freeze and hail, for the fruit, not the tree. Claims are payable on a percentage of damage basis as in crop-hail.

The multiple peril cover involves catastrophic hazards to an even greater extent than in windstorm or crop-hail. Many widely separated farms are affected by the same event and therefore adequate reserves and sufficient spread between years are particularly important. This is especially true of citrus insurance which covers specified perils in a limited area, Mr. Botts explained.

Avoidance of adverse selectivity is an ever present administrative problem in all risk. For example, depth of soil moisture can be determined long before planting time, and therefore, closing dates are set well in advance of the time for planting the crop. Drought has been the most important cause of loss.

Since it is a continuous policy, the cost of reselling the insurance is reduced. Failure to pay premiums before a specified date brings automatic termination of the contract, however, premium notes, due after harvest, are commonly used in lieu of the advance payment of premiums.

Experience rating is used to bring about differentials in cost among farmers. Under one plan a farmer who has had seven consecutive years without a loss gets a 25% reduction. Under another, when a farmer's premiums for crops consecutively insured exceed the indemnities paid him by an amount as large as the full coverage on his current crop, he receives a reduction of 25% on his premium. A farmer may choose either plan, but not both.

Some of the major problems of federal crop insurance have not been of an actuarial nature, Mr. Botts said. The quality of administration at the local level often has more to do with the loss experience than the rates. Raising rates is not a cure for deficiencies

in administration. It is better to change the plan of insurance, he believes.

Mr. Botts suggested that graduate students, interested in doing research on crop insurance, work at the county level. One part of the study might be to visit farmers and see what they think of the program, determine how the insurance could be better adapted to their needs, why insurance is more attractive to them at one time than another, and what elements of selectivity exist in the program.

### Perpetual Policy Curious Survivor of Early Times

(CONTINUED FROM PAGE 15)

ods of operation as a vestige of the past that persists to remind us of the character of our forebears," he added.

Policyholders under the perpetual contract in many cases obtain definite economic advantages, Mr. Howard observed, in some respects superior to the best coverage from other companies. Not only do policyholders get adequate protection, they also share in dividends which have been, in many instances, liberal enough to amount to a very good return on the premium deposit. One of the companies pays an annual dividend of 5% of the premium deposit on policies in force from five to nine years and 10% for policies in force 10 or more years. The large dividends are possible because large surpluses accumulated over the years of conservative management provide funds for investment in addition to premium deposits.

Because of able investment and the ability of a policyholder to withdraw all or nearly all of his premium deposit at any time, the premium deposit is an investment offering an attractive yield, security of principal and a high degree of liquidity.

"I do not doubt that people would be glad to obtain perpetual fire contracts, primarily as an investment, if they were aware of their existence," Mr. Howard said.

However, he added, a big shortcoming of the premium deposit as an investment is that such coverage is available only in limited amounts. One company will only write \$25,000 on any one risk, limiting the deposit to \$500 or less.

### Birmingham Agents Choose Chapman

J. B. Chapman of Evans, Mills & Chapman, was elected president of Birmingham (Ala.) Assn. of Insurance Agents at the final 1955 meeting. Other officers are W. W. Grant Jr. of Ed S. Moore agency, vice-president, and Andrew W. Stumpf of Cobbs, Allen & Hall, secretary. New executive committee members are T. A. Jacobs of Jemison-Seibels and W. C. Shackelford of R. A. Brown & Co. Hayes L. Kennedy was reelected executive vice-president.

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## Kemper Predicts More Competition, Increased Premiums

More intense competition and rapid expansion of multiple-line underwriting activities, particularly in the field of package policies, was predicted for the fire and casualty business in 1956 by James S. Kemper, chairman of Lumbermens Mutual Casualty and other Kemper companies.

He said the industry can expect a favorable increase in total premiums, but the business probably will be spread out among more companies.

Increased competition might also lead to more companies pooling their underwriting facilities and more mergers and consolidations, Mr. Kemper predicted.

"Although the fire and casualty industry always have been highly competitive, the competition should be greater than ever in 1956 because more companies will be going out after various new lines of business," Mr. Kemper said.

Despite the competition, he said, the industry must work together on at least three common problems:

Reducing automobile accidents. These accidents cost the American public \$4 billion a year but the carnage still goes on. Increased registrations and subsequent traffic will intensify the problem in 1956.

Reducing fire losses. The insurance industry cannot relax its efforts to reduce the national fire waste.

The financially irresponsible motorist. The year 1956 will see more attention given to the problem of the motorist who can't pay damages for which he may be responsible.

"This latter problem tends to become legislative," Mr. Kemper said, "and it is important that the insurance industry not give its support to any proposal that would violate the rights of individuals. Personally, I favor the 'equal responsibility' idea which makes financial responsibility a prerequisite to driver licensing."

### Travelers Honors Warfield

Lyford W. Warfield, 77, was presented with a 50-year plaque by Travelers at a dinner in his honor at the Hotel Commodore, Des Moines.

Mr. Warfield started his insurance career in 1903 by working for his brother-in-law, Joel Tuttle, who was a Travelers agent. Travelers opened its first branch in Des Moines in 1904 and Mr. Warfield became a contract agent for the company in 1906.

About 50 friends and associates attended the dinner and presented Mr. Warfield with a set of luggage.

### Increase School Faculty

Four new instructors have been added to the faculty of school of insurance of Insurance Society of New York in

Westchester county. Two, Herman Freudenberger and Woodrow B. Duke, are teaching in Mineola and the others, Jerome S. Ozer and Ernest H. Slaybaugh, are teaching in White Plains and Bronxville.

### Forgery Discussed at Surety Men's Meeting

Common law forgery, its definitions and impact on bank balances and the companies who write forgery coverage were discussed by Stewart Maurice, of Maurice, McNamee & Dart, New York City law firm, at the meeting of Surety Underwriters Assn. of New York City.

He analyzed decisions ruling against the bank or against the depositor and discussed the imposter rule, fictitious payees and application of the uniform negotiable instruments act.

### Farmers Mutual Hail Appoints A. R. Sorenson

Arne R. Sorenson has been appointed special representative of the reinsurance department for Farmers Mutual Hail of Iowa.

He was with Cooperative Grain & Product Co. at Ringstead, Ia., for 3½ years before joining Farm Bureau Ins. Co. at Esterville in 1951 as agency manager. He transferred to Adel, Ia., in 1955.

### Conn. Orders \$500,000 Refund of Auto Cover

Commissioner Spellacy of Connecticut has ordered about a dozen insurers to refund \$500,000 in overpaid auto insurance premiums to an estimated 25,000 state residents.

He said the overcharges were made by placing applicants in class 2, for collision cover on financed vehicles, though there were no drivers under 25 in the family.

### Casualty-Surety Club of Houston Elects Ridgeway

Rex Ridgeway of Indemnity of North America has been elected president of Casualty-Surety Roundtable of Houston.

Other new officers are R. H. Baugh of Bettles general agency, vice-president; Lawrence Keuchel of National of Hartford group, secretary, and J. A. Terry of American International Underwriters, treasurer.

### U.S. Engineers Award Contracts

U. S. engineers have awarded two contracts for construction at air force and army reservations. They are Edwards Air Force base, to Peter Kiewit Sons Co., Fontana, Cal., for construction of roads and railroads for test stands, at a price of \$1,135,288. Aetna Casualty is surety on the work.

Fort Lewis, Wash., to Fanderlick-Locke Co., Pasadena, and Myers Bros., Los Angeles, for second increment, family housing, at a price of \$2,745,735. Great American Indemnity, through Wren & Van Alen, is surety on the contract.

## IS THE LETTER CARRIER YOUR BIGGEST COMPETITOR?

One of a series  
to help agents combat  
direct writers

**When an insurance buyer purchases his policy through the mail, can he remember all the points the direct writer's advertisement told him about coverage?**

If he has any question, whom will he ask? Certainly not Uncle Sam's letter carrier! The salesman has received his commission and is busy looking for new customers, so he has little time to give the type of service the client expects.

This is indeed a contrast with your activities, Mr. Agent. You take time to deliver the policy in person and explain the coverage again so there will be no misunderstanding, should a loss occur. That is just one small part of the many services you render and for which you are entitled to your commission.



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W. H. KERN, Vice-Pres.

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## Inter-Regional Issues Mercantile Block Rules

(CONTINUED FROM PAGE 1)

cents per \$100 for the first \$100,000 value at location, 14 cents for the next \$200,000; 6 cents for the next \$200,000, 4 cents for the next \$500,00 and 2 cents for more than \$1 million. For wholesale or distributing risks, however, the all other perils premium is to be specifically promulgated if sales to other than the ultimate consumer exceed 25% of total gross sales, and if gross annual sales of merchandise exceed \$1 million or exceed six times the aggregate maximum value of merchandise inventory at all declared locations. The coverage here is for all other perils both on and off premises.

To get the account rate, the total premium as thus developed is divided by the total of all limits of liability for all contributing insurance for all locations. The result of this computation is the account rate. In picking up

existing coverages pro rata credit is given.

Besides manufacturing risks, the following are ineligible for mercantile block cover:

Jewelers; furriers; fine arts dealers or collections; camera or musical instrument dealers; construction equipment or agricultural equipment dealers; any other dealers risks classified by the state insurance supervisory authority as "inland marine;" risks predominantly of a bailee (including warehouses), installation, repair or service nature; mineral oil risks, such as compounding plants, distributing stations, etc.; risks rated under the rating plan for highly protected risks (Factory Insurance Association); risks rated under the electric, gas or traction public utility schedules; cotton risks; farm products or produce on farms; and grain risks, such as cereal mills,

flour mills, grain elevators (all types), malting houses.

Also, florists, greenhouses, nurseries, or plant or shrubbery dealers; animal or pet shops; livestock or animal dealers; live poultry dealers; produce dealers; theatres; hotels and motels; pawnbrokers; second hand or salvage stocks; bars, grills or restaurants; stamp or coin dealers, and manufacturing risks.

Property of these kinds, however, may be covered under the block if such property doesn't exceed 10% of the value of all property covered in an otherwise eligible risk. The basic form excludes loss of money, etc; furs, jewelry, etc., except by fire and EC perils; glass by breakage or photographic materials by exposure except by transportation perils and fire, EC, and theft; property being worked upon by damage resulting from such work as respects perils not otherwise excluded; motor equipment; watercraft afloat; etc.

Excluded are the perils of flood; seepage; earthquake except in transit; mysterious disappearance; changes in flavor, etc.; agricultural smudging; radioactive contamination; pilferage; warlike action; etc.

The coverage pays for debris removal and damage by thieves.

When there are locations in more than one state, a sponsoring rating bureau is designated. This is the bureau in the state where the greatest values are located, insured's domicile or principal place of business is located, or where the insurance has been negotiated. The sponsoring bureau calculates a uniform account rate on property in all states in which the plan is approved. It then promulgates the account rate for its own territory, and forwards that rate to each interested rating bureau, which promulgates the rate shown as the rate for its territory. For fire and EC under multiple location rating plan, the sponsoring rating bureau certifies the account rate to the filing company or authorized representatives, which forwards it to the interested bureau.

The burglary and theft rating plan for mercantile block coverage classifies a great number of risks. For example, stores are in trade group 1, supermarkets in No. 6, gold and fountain pens in 8, perfumery and plumbing equipment in No. 4, insecticides in No. 2, and so on.

By use of a rate schedule, rates by bracket of coverage amount are varied by territory and by trade group. Discounts of 5 to 20% are provided for watchmen and from 10 to 45% for premises alarm systems.

### Natonwide Group Rasies Conner, Hanna and Varga

Nationwide group of Columbus made three appointments in its group department. George W. Conner, group sales superintendent, has been promoted to sales and field services manager; R. E. Hanna, group department manager, has been named administration and claims manager, and George J. Varga, who has been with New Jersey Hospital Service Plan (Blue Cross), has been named group actuarial and underwriting manager.

### Thorpe New V-P of Bonito & Co.

Warren G. Thorpe, former inland marine underwriter for McDaniel & Co. agency of New York, has been named vice-president of Alan H. Bonito & Co. agency of New York. He was with North America and National Surety Marine before turning to agency work.

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need for a factual  
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Rates—\$18 per inch per insertion—1 inch minimum. Limit—40 words per inch. Deadline 5 P. M. Friday in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

THE NATIONAL UNDERWRITER

### CLAIMS SUPERVISOR—PERSONAL INJURY ASSISTANT CLAIMS SUPERVISOR PERSONAL INJURY ADJUSTERS CLAIMS EXAMINER (Home Office)

We have immediate openings in our Chicago and Springfield, Illinois offices for men 25-40 who are anxious to become associated with a progressive stock casualty company.

We offer excellent opportunity for advancement with liberal salary, group insurance plan, and other employee benefits.

Write and tell us about yourself; interviews will be arranged on the basis of information contained in your first letter.

### LINCOLN CASUALTY CO.

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### NAME YOUR SALARY OHIO - MICHIGAN FIELDMEN WANTED

Dissatisfied Live-Wires preferably with Direct Selling Experience in Truck and Transportation Insurance and the ability to help Agents with limited knowledge in this field close deals. Salary - commission - expenses and car. Excellent opportunity to start at the top and work your way up. Our employees know of this ad. Reply to Box #J-98, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### GRADUATE ENGINEER

Prefer minimum two years Fire and/or Casualty experience, age 25 to 35. We offer an opportunity for advancement, liberal salary schedule, group hospitalization, and life and retirement benefits. We are an expanding Multiple-Line Agency Mutual, founded in 1900.

### HOME MUTUAL INSURANCE COMPANY APPLETON, WISCONSIN

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Large nationally operating Mutual Fire and Casualty Company offers fine opportunity to qualified Special Agent for State of Iowa. Must reside central or eastern part of state and have satisfactory production record. Submit resume to: Box #J-87, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### EXCELLENT OPPORTUNITY

Direct writing insurance agency has opening for all around insurance man to service present large accounts and solicit new accounts. Only interested in man who is looking for a permanent position with a future. Furnish details including experience, age, marital status, education and salary. Address Box #J-96, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### PAYROLL AUDITOR EXPERIENCED

Expanding Casualty Company has opening for Detroit, Michigan territory. Salary open. Excellent benefits and vacation program. Car necessary—allowance. Write giving education and experience. All replies confidential. Address Box #J-93, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

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Now supervising 9 men in 40,000 policy rural-metro area. Nine years experience law practice and claims. Graduate Insurance Institute of America. Will accept \$8-10,000 for advancement opportunity. Resume available. Write Box #J-99, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### "SR22" COMPANY

Aggressive Iowa general agency desires direct connection with company writing sub-standard liability and physical damage insurance on private passenger automobiles. Can transfer substantial amount of business presently controlled. Write Box #J-70, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.



## Insurance Events Remain Page One News in Texas

(CONTINUED FROM PAGE 1)

his home at Waco. He was expected to die, and when his suicide attempt was announced during a meeting of creditors of the banking department of U.S. Trust in Houston, there was a scattering of applause.

Several notes were found in the house, one addressed to his wife saying: "As you know, the only thing I have done wrong is to try to build a business." In another note Mr. Shoemaker indicated he did not have enough money to defend himself. When U. S. Trust was put into receivership Dec. 22 by District Judge C. O. Betts, the judge said the company was "born in sin, iniquity and fraud and appears to have operated that way from the beginning to the present time."

Occidental Life of California issued life insurance totaling \$1 million of initial coverage on Mr. Shoemaker in two policies in the fall of 1954. Both are still in force. They contain the standard suicidal clause, providing that in the event of insured's death by suicide within two years of issue, liability would be limited to the premiums paid. These premiums totaled \$29,094 and since both policies are less than two years old, the death benefit in the case of Mr. Shoemaker would be limited to this amount. U.S. Trust was the applicant, owner and beneficiary of both policies, which are on a 10-year reducing plan, commonly used in some forms of business life insurance.

The first policy for \$746,500 was issued Sept. 1, 1954, and the second for \$253,500 was issued Oct. 1, 1954. Mr. Shoemaker's insurance age at issue was 59, and both policies were placed through Occidental's Dallas office.

At the board hearing on the two Shoemaker companies and the two Irwin companies, a conservatorship was ordered for Southern Medical & Hospital Service, a mutual assessment company which is not insolvent. Although organized under the direction of Mr. Shoemaker, Southern Medical & Hospital is not involved in the operations of U. S. Trust. It is owned by U. S. Automotive Service, a bankrupt Shoemaker company. The board refused to accept a proposed new slate of officers on the basis that the men

selected lacked knowledge and experience in the business. The policyholders will be called upon to select new management.

U. S. Life, the other Shoemaker company, had its license suspended. Charles Ramsey, a department examiner, said that 9,995 of the 10,000 shares in the company were owned by U. S. Automotive Service, which, incidentally, is operating so far this year at a loss of more than \$400,000. U. S. Life writes mostly credit insurance. There has been no question raised as to the solvency of this company, but the board had objections to its management.

Licenses of the two Irwin companies, American Atlas Life, and Dallas Fire & Casualty, were suspended. Previously the board had put Home Service Casualty and All American Home Lloyds, two other Irwin insurers, out of business. Dallas F. & C. has reinsured all of its business in ICT of Dallas.

An appeal was filed by American Atlas Life to the suspension order, and the commissioners obtained a court order restraining the company officers from destroying or disposing of any records pending the outcome of the department's charges relating to management. The court order also served on First National Bank of Dallas an order to freeze any funds that Irwin or American Atlas Corp., a holding company, might have in the bank. Dallas Loan & Mortgage Co. has filed suit to collect \$20,000 which it asserts is owed it by Irwin and American Atlas Corp. At the same time, it was announced that stock of American Atlas Corp. has been acquired by First National Bond & Trust Co. of Dallas, it being the intention of First National Bond & Trust to provide its own management and directors of American Atlas Corp.

During 1955, American Atlas Corp.

bought La Salle Casualty of Chicago at a reported sale price of \$1 million. The newspapers have quoted William E. Wall, chief examiner of the Illinois department, as saying that an examination of La Salle was begun after "we read reports that Joe A. Irwin of Dallas might have an interest in the La Salle Casualty." Mr. Irwin said he recently transferred about \$100,000 from American Atlas to

La Salle Casualty, and in addition gave La Salle about \$100,000 of his own money. In explaining the reasons for these transfers, Mr. Irwin said "La Salle was short and needed assets up there to make its statement."

Under a new law, the Texas commissioners are to rotate the chairmanship, and Mr. Smith was the first, as senior man, to be named. He resigned with 13 months to go in his term as

(CONTINUED ON PAGE 32)

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### Fuller to Seattle for Continental Casualty

George W. Fuller, superintendent of agents for Continental Casualty, has been promoted to resident vice-president of the company's northwest branch at Seattle.

Mr. Fuller joined Continental after several years of administrative and agency work in the Seattle area. As superintendent of agents at the home office, he was responsible for supervision of the company's multiple line branch office system.

At Seattle, he will be responsible for all phases of the company's business in Washington, Idaho, Oregon and western Montana.

### Insurance Cartoon Booklet Republished

Stewart, Smith & Co. of New York has republished its humorous booklet "Famous Last Words: It Can't Happen to Me", a series of cartoons depicting odd insurance incidents.

Published three years ago, the booklet features the cartoons of Arthur Ferrier, one of England's most popular artists. The company initially used the cartoons as a series of advertisements in THE NATIONAL UNDERWRITER. The cartoons describe some of the interesting and humorous things that can occur in the insurance business.

Strong undercurrents of common sense and graphic portrayals of useful kinds of insurance, not as well known as they might be, run through the booklet.

The company, 116 John street, New York, will send copies free of charge to those who request them.

### F. & D. Names Norris Phoenix Assistant

Fidelity & Deposit has promoted Carter Norris Jr. to assistant manager of the Phoenix branch. For the past three years he has been manager at Oakland service office. He joined the company as special agent for California at San Francisco.

### Quinn Named President

William T. Quinn, of Mill Creek, Ind., has been named president of Farmers Mutual Fire of LaPorte, succeeding George C. Bull, who had been president since 1933.

Other officers elected were John M. Adams, LaCrosse, vice-president; Clyde A. Bean, Rolling Prairie, treasurer, and Miss Imogene L. Dahl, secretary.

### Williams Heads Mutual Club

Mutual Insurance Club of Columbus (O.) has elected Cameron Williams, public relations director for Motorists Mutual, president; George Finneran, underwriting manager for Beacon Mutual Indemnity, vice-president; and Robert Seyfert, assistant actuary of Nationwide, secretary-treasurer.

Union Re of Switzerland has been licensed in New Jersey.

### Hoberg Retires at Phoenix of London

Alfred C. Hoberg, vice-president and assistant U. S. manager of Phoenix of London, has retired after 45 years with the company.

After advancing through the group's fire departments, Mr. Hoberg became assistant general agent of the southern fire department. He transferred to the metropolitan office as loss department manager in 1927, returning to the home office in 1934 as assistant secretary of the western fire underwriting department. He was named vice-president of Columbia and United Firemen's in 1947. Early last year he was appointed vice-president of Phoenix Indemnity and assistant U. S. manager of London Guarantee.

### Joins America Fore in Actuarial Unit

America Fore has appointed Geoffrey Davis to the actuarial department. In addition, he will serve as consultant on tax matters. He formerly was with the law firm of Watters & Donovan, New York.

### West Bend Mutual Fire Opens Minnesota Branch

West Bend Mutual Fire has opened a branch office at 2911 East Franklin avenue, Minneapolis, to service agents and handle the increased volume in the state.

State Agent Samuel T. Taylor manages the company's business in the state.

### D.C. CPCU Elects McLean

District of Columbia chapter of CPCU elected Gordon McLean, Royal-Liverpool, president; H. T. Beuermann, H. L. Rust Co., vice-president; William C. Noell, Mutual Fire of D.C., secretary, and Asher D. Kahn, Travelers, treasurer.

### CORRECTION

P. H. Heaney of Citizen's Fund Mutual has been elected a director of Gopher 1752 club of Minnesota. It was erroneously reported in last week's issue that Gilbert H. Haen of Iowa Mutual of DeWitt had been elected to the board.

### N. Y. Compulsory B II

A bill has been introduced in the New York legislature to prohibit motor vehicle registration without proof of financial responsibility. The compulsory bill was referred to the ways and means committee.

### Babaco Expert to Talk

William J. Fyffe, member of the security division of Babaco Alarm Systems, will address Mariners Club of New York on Jan. 18 at Fraunces Tavern in New York City. Fyffe, a member of New York City police department for 37 years, is an authority on safes, locks and burglary tools.

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## Non-Expert Testimony of Hurricane Damage Not Admissible in N.C.

Testimony of neighbors and non-expert witnesses that the wind in a hurricane caused damage to a house under construction was held to be invading the province of the jury by North Carolina supreme court in *Wood vs. Michigan Millers Fire, 8 CCH (fire and casualty) 842*. A new trial was ordered. Deal, Hutchins & Minor were attorneys for Michigan Millers Fire and Buford T. Henderson for Mr. Wood.

Mr. Wood brought action, in the trial court, under extended coverage, to recover damage to a house under construction after Hurricane Hazel in 1954. The jury found for Mr. Wood. On appeal the supreme court found that there was competent evidence to support a verdict for Mr. Wood and that the trial court did not err in overruling the insurer's motion to dismiss, but that it should not have admitted the opinions of lay witnesses.

At the time of the hurricane the framework of the first floor was completed, the ceiling joists were in place and some of the rafters were cut and lying on top of the joists. There were no walls or floors above the ground level. The house was resting on a concrete footing and had a foundation of concrete blocks and bricks. After the storm the cement foundation had caved in on the east side of the building and the building had sunk. The framework did not topple over and the loose ceiling joists did not blow off. The wind had blown from the west.

Mr. Wood testified that he visited the building during the storm and that it was rocking up and down on the foundation, rising from six to 10 inches on the west side. The insurer contended that the pressure of the rain water against the east foundation wall caused the damage.

## Western Adjustment Has Changes

Paul C. Foster, regional supervisor for Kansas of Western Adjustment & Inspection Co., will devote all his time to supervising various offices in the state. The Wichita office is now under the direction of J. A. Logan.

## Service Guide

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## Two Firms to Pay Auto Refunds in Pa.

Two large insurance companies have agreed to pay refunds to Pennsylvania auto collision policyholders after an insurance department probe uncovered misclassifications.

Commissioner Smith refused to identify the companies because, he said, other firms are also under investigation for misclassifications. All will eventually be publicized under a plan to advertise refunds for former policyholders who are no longer listed in company records.

Pennsylvania Assn. of Insurance Agents requested the probe. Mr. Smith said the two companies that have agreed to pay refunds are out-of-state firms. He commented that they will survey their Pennsylvania policyholders of record June 30, 1955 by direct mail. Rebates will be paid with interest for the period Jan. 1, 1954 to June 30, 1955. After that date the two companies instituted a new classification system in which the commission fees made the possibility of misclassification remote, Smith said. The companies then agreed to publicly seek claims from policyholders since 1950. They told Mr. Smith they have no records of former policyholders prior to Jan. 1, 1954.

## Kern Named V-P of A. E. Strudwick Co.

W. H. Kern has been named a vice-president of A. E. Strudwick Co., Minneapolis reinsurance brokers. He joined the company in 1955 and has been active in underwriting, servicing and production of reinsurance accounts. He will continue similar work with greater emphasis on production in the future.

Prior to joining Strudwick, Mr. Kern was with Employers Re and General Re.



W. H. Kern

## N. J. 2-Car Owners to Get Rate Discount

Effective Jan. 11 the 25% discount on liability and collision insurance for persons owning two or more non-business private cars with no operators under 25 was allowed in New Jersey. National Bureau of Casualty Underwriters, National Automobile Underwriters Assn. and Mutual Insurance Rating Bureau have promulgated the discount as in other states.

## Fire Seminar Planned in S.F.

"New fire insurance forms and rating plans" will be the subject of discussion Jan. 18 at the Sheraton-Palace hotel, San Francisco, when the Northern California chapter, American Society of Insurance Management, conducts the third in its current series of one day seminars.

The Arthur Flynn and Wendell Berman agencies in Lawrence, Mass., have merged. Mr. Flynn will be a partner in the Berman agency and will supervise the agency at Lawrence. The Berman agency also has offices in Boston, Manchester, N. H., and Portland, Me.

The Geib & Benedict and James H. Moore agencies of Birmingham, Mich., have merged under the name Geib, Benedict & Moore. New offices are at 348 East Maple.

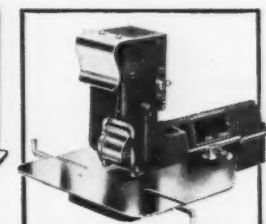
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## OFFICE CONTROL SYSTEMS

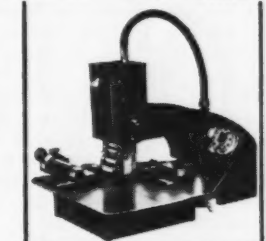
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## Insurance Events Remain Page One News in Texas

(CONTINUED FROM PAGE 29)

chairman, saying he disagreed with the procedure. He had been chairman since October of 1953, taking over originally under the old law making the life commissioner board chairman. Mr. Saunders was recommended by Mr. Smith to be chairman, and the nomination was seconded by Mr. Wentz.

Leaders of Texas Society of Certified Public Accountants have estimated it will take 18 months to complete the audit of the more than 1,400 Texas insurers. They have said the insurers are to be allowed to choose the CPAs they want to audit their books, it being understood that the commissioners have the right to refuse an audit and order a new one if they are dissatisfied.

Reaction on the part of Texas insurance leaders to the audit scheme has been anywhere from favorable to enthusiastic. The feeling is that this will give the department an excellent start on weeding out the bad apples, if any remain, while at the same time demonstrating that the majority of the companies are sound and reliable. One life insurance executive pointed out that in the wave of failures since 1953, no life insurance policy holder has lost a dime. Such comments as this, however, have been pretty generally lost sight of because the insurers that have failed have done so in an exceedingly striking manner amidst excited publicity. Most of the Texas newspapers have given up trying to remind their readers about the strong domestic companies, and treat the failures as they come along as a continuation of the insurance scandal. This, it is hoped, will be to a great extent alleviated when the reports are in and everyone has been through the wash.

In the meantime, the board of commissioners occupies a prominent and unpleasant position in the furor. It is on the hot seat. This is not entirely unexpected by the commissioners themselves, since a certain number of failures had been predicted when the new laws were approved. THE NATIONAL UNDERWRITER in its July 15, 1955, issue, quoted a statement issued jointly by the board saying the most striking feature of the new legislation is the "thoroughness with which the new statutes deal with the problem areas of regulation. The new laws empower the board to maintain a much stricter surveillance over new companies. The provision for semi-annual and annual examinations is likely to result in a relatively high rate of insolvencies and receiverships. This result will not be a symptom of weakness if it materializes, but will be a direct product of the greater strength of Texas regulation."

Such prophetic statements as this of course have been forgotten in the midst of the U. S. Trust debacle. Until the new laws were passed, the department had a completely inadequate examination staff, inadequate funds, inadequate control, and inadequate authority. A good part of this has been remedied by the new laws, although the examining staff is still far below what is needed to cope with the tremendous number of domestic insurers. Governor Shivers publicly commended the commission "for doing one of the finest jobs any insurance commission has ever done . . . and under trying circumstances."

The other side of this story comes

from legislators who are demanding impeachment of the board, claiming the members to be "guilty of utter incompetency, if not official corruption." This statement was made by a senator who was found to have accepted fees for legal services in behalf of Southern Hospital & Medical, one of the Shoemake companies. He had been queried by the newspapers as to whether he had ever accepted money from Shoemake or U. S. Trust, and had answered no. When it was found he had received money from one of the affiliates, he said he misunderstood the question and then loosed his blast against the department.

Members of the board of commissioners find themselves as much in the spotlight as anyone in Texas. Their whole lives have been outlined, their political careers reviewed, and there has been criticism that appointment to the board is political and has seldom been predicated on knowledge of insurance. Mark Wentz is the only member who came to the board with any insurance experience, his being with a local agency at Big Spring.

Some members of the legislature are demanding that a special session be called to deal with insurance problems, but Governor Shivers said he will not do this. In the excitement it is largely forgotten that insurance legislation dominated the last session, and that despite whatever criticism may be made of the slowness in closing U. S. Trust when its original weakness was exposed, the board did not assume enough authority to jump on shaky insurers until the new laws went into effect in September. The board now has the power to revoke the license of an insurer if it feels the management is not worthy of public confidence, and this is what was used as the basis for suspending U. S. Life, Southern Hospital and Medical, Dallas Fire & Casualty and American Atlas Life. None of these companies were found to be financially unsound. The board also can refuse to grant a license to a company if it doesn't feel the organizers are of sufficient caliber.

The board views the current situation as something of a show-down fight. Mr. Saunders has issued a statement saying that previous to the new laws, the department had more responsibility than it had authority, but this has been corrected. "I want to serve notice here and now that the day of patient silence on the part of the board is over," Mr. Smith declared. "It has boiled down to a simple choice of whether the board or its critics will regulate insurance in Texas. I think we can settle this fight this year."

Special investigating committees of the Texas senate and house are probing the causes of recent company liquidations and in about five counties grand juries are looking into alleged violations of other laws, mostly in connection with the sale of "certified drafts" on the part of U. S. Trust. The United States post office is investigating the mail aspect of U. S. Trust's activities, and there has been talk that the FBI and Treasury Department may take a part. However, the federal people have indicated that it may be crowding things a bit to have three federal agencies involve themselves in one investigation.

In Little Rock, Arkansas Commissioner Combs, closely watching devel-

## Late News Bulletins . . .

(CONTINUED FROM PAGE 1)

H. C. Morreale, special representative for the inland marine department, has been appointed superintendent of the IM department, including multiple perils coverages. Simon D. Rothstadt, assistant to the branch secretary charge of accounts, has been appointed administrative assistant. James G. Manchester III, state agent for New Jersey, has been appointed New Jersey branch manager and will continue supervision of the branch governing the New Jersey territory.

In Ohio, the company has opened a new field office in the Mair building in Cuyahoga Falls in charge of Richard J. Bedell, special agent. He will continue under supervision of Robert J. Gray, state agent in Columbus.

### Progress on Casualty Cover for Radiation

More than 70 stock casualty insurers have indicated provisionally their willingness to participate in a syndicate to underwrite radiation hazards on industry operated nuclear reactors. Tentative commitments by the companies encourage the belief that capacity coverage of \$50 million may be made available among stock companies, according to J. Dewey Dorsett, general manager of Assn. of Casualty & Surety Companies.

The proposed plan to insure the construction, installation, operation and maintenance of nuclear reactors used for industrial, commercial, research and experimental purposes contemplates the formation of an underwriting syndicate. The coverage to be provided by the syndicate will be for third party bodily injury and property damage liability insurance against loss or damage caused by radiation. All forms of liability risks other than radiation will continue to be insured by the individual companies and will not be insured by the syndicate.

The program was developed by a special committee of the association comprised of Aetna Casualty, Fidelity & Casualty, Hartford Accident, Indemnity of North America, Royal-Liverpool group, Travelers Indemnity, and U.S.F.&G.

### New Deputy for N. Y. Department

Insurance Superintendent Holz of New York has appointed Aloysius J. Maickel deputy superintendent in the New York City office of the department. A lawyer, he was an attorney with Chase Manhattan bank.

### Channel Fire Loss Estimated at \$3 Million

A fire this week caused an estimated \$3 million damage along the ship channel running from Houston to Mexico. The worst waterfront fire in the area's history started at a pier of the Todd Shipyards Corp. and took more than 200 firemen to bring the flames under control.

A floating 12,500 ton drydock broke loose and floated downstream causing scattered damage. The drydock loss was estimated at \$2 million and a further \$1 million damage was caused to a pier and barge.

The channel handles more shipping tonnage than any other in the country.

opments of the receivership of U. S. Trust and its relationships to Arkansas Fire & Marine, agreed last week that he would take no action against the latter to impound its assets following a conference with J. D. Wheeler, statutory liquidator for the Texas department, and Willis V. Lewis, president of Arkansas F. & M. Mr. Combs' agreement followed assurance that the Arkansas firm would not dispose of any of its assets pending additional conferences. The Texas department in a court action has charged that \$500,000 of U. S. Trust funds were "illegally withdrawn" and used to organize Arkansas F. & M. in August of 1955.

Mr. Combs stated that although Arkansas F. & M. had been chartered, it had not as yet filed any policies or rates, with the department nor appointed any agents in Arkansas. He said he had evidence that its capital structure of \$242,000 was intact, and, in view of assurances given him by both the company management and the liquidator, did not feel that immediate direct action against the company was indicated. The complaint in district court at Austin alleged that U. S. Trust entered into a reinsurance agreement with Arkansas F. & M. by which the Arkansas company allegedly assumed an obligation of \$1,800,000.

Mr. Lewis has denied these allegations, stating that he borrowed \$500,000 from U. S. Trust in the organization of his company, insisting that it was an ordinary loan to be repaid on schedule.

repaid on schedule.

Learning of the serious head injury of A. B. Shoemake, president of U. S. Trust, apparently from a .38 caliber pistol, Mr. Lewis said he was profoundly shocked and said whether Shoemake lived or died would have no effect on Arkansas F. & M. Commenting on the 5% debentures which the Shoemake enterprises issued, Lewis said: "The money started pouring in faster than he could loan it out at interest rates sufficient to make repayments. That's the reason he came to Arkansas and loaned the money to me so he could get 6% interest. He knew I was capable of making a success of my Arkansas company. I could have borrowed \$1 million from him just as easily as the \$500,000."

Arkansas F. & M. started with a paid in capital of \$100,000 and a surplus of \$400,851. It placed on deposit with the Arkansas department some \$42,000 in Fort Smith school district bonds to meet statutory bond requirements.

Incorporators of the company were Willis V. Lewis, a Little Rock attorney, who became head of the company, and James Hugh Hope of Waco, who was listed as vice-president and general manager. Under the original incorporation, of some 50,000 shares of stock issued and fully subscribed, Lewis and Hope each were shown as owners of 24,000 shares. A third incorporator, one Miss A. Lois Austin, Little Rock, was shown to have 2,000 shares.



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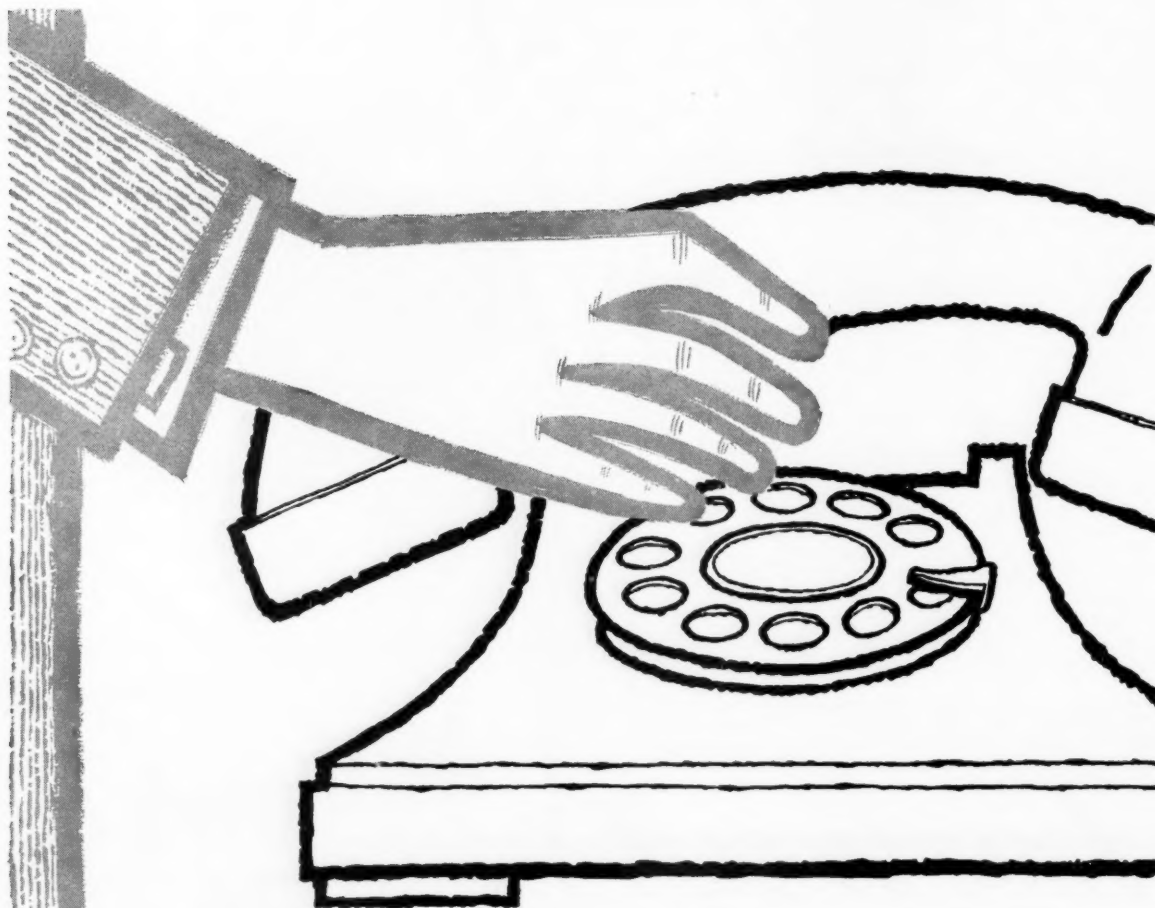
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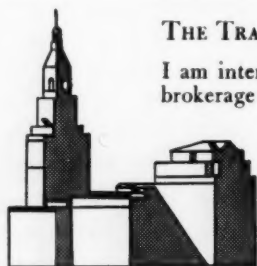


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